MAR 20 1942

Final Edition THURSDAY In 2 Sections – Section 1

The COMMERCIAL & FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

Volume 155 Number 4056 New York, N. Y., Thursday, March 19, 1942 Price 60 Cents a Copy

Municipal Bond Tax Proposal Seen Threat To State Autonomy

In view of the current interest evinced in investment circles on the question of taxing the income from State and municipal bonds, we reprint below a letter dealing with a particular phase of the subject prepared by J. Austin White, President of J. A. White & Co., Union Central Building, Cincinnati:

In this proposal to allow the Federal Government to tax the income from state and municipal bonds, there is more than at first meets the eye.

One who has given even a few moments of thought to the trend of Government in America during the past ten years, can scarcely escape the conclusion that there are in Washington certain individuals who feel that the day of independent and sovereign state rights has passed, or will pass if these individuals have their way. They would have us believe, it seems, that the old idea of American Government under the Constitution must give way to a new conception of an all-powerful central government whereunder all control emanates from Washington.

To this group in Washington, who, we must admit, carry no small weight in determining the policies of this National Administration, and who will carry ever increasing weight if the American people be denied, through the pretense of war, their fundamental right to criticize constructively — to these individuals, it would appear that any form of government that restricts the field of operation of the National Government and reserves certain fields to the States, is an unacceptable form of government and must be done away with. What is the meaning of "States rights" to them? What is the meaning of "sovereign States," of "local government" to them?

It is not necessary to question the claim that the Federal Government would derive $200,000,000 income from taxing both future and outstanding issues of State and municipal bonds. It is not necessary to point out that $175,000,000 more in taxes would have to be paid by State and local taxpayers to make up for the increased cost of financing school buildings, streets, sewers, poor relief and the myriad other governmental functions financed with bond issues. It is not necessary to point out that subjecting the income from municipal bonds already outstanding, that have been bought and sold for decades with the understanding that they were exempt from the Federal Income Tax Collector, would be an unethical breach of faith that it would be hard to find equalled even during the past 10 years. It is not necessary to point out that even the figures of the Treasury Department itself show that a very small portion of the total State and municipal bonds outstanding is held by wealthy individuals, and rather that by far most of such bonds are owned by banks, insurance companies, sinking funds, trust funds, retirement systems, etc. It is not necessary to point out that the income from taxing only future issues would be negligible for many years to come.

It is necessary only to appreciate the full consequences of this proposal, and how it fits into a general scheme of establishing in

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OUR REPORTER'S REPORT

The recent comparative lull in new underwriting activity has provided some of the older firms in the business with an opportunity to do some "fence-mending," so to speak, with their out-of-town contacts.

Moreover, a good deal of effort has been directed toward getting operating expenses into line with prospective new conditions. Despite some improvement in the tenor of the high-grade market, it is evidently the widely held conviction that the fast-moving refunders, which have provided the main fare in recent years, are likely to prove the exception rather than the rule for some time to come.

Accordingly the more aggressive houses in the business have been inclined toward getting themselves in shape to handle new money issues which, while smaller in amounts, require greater selling effort than is the case in refunders.

The reshaping of programs, it was pointed out, in one quarter, is reviving emphasis on the need for gearing facilities to render advisory service to greater numbers of moderate-sized investors who are scattered throughout the country.

The investment banking business, prior to the flood of huge refundings, in the era following the setting up of the New Deal and its easy money policy, was built up on small sales, averaging $2,500 or less. But in the refunding period, the average worked out above $20,000.

Small Investors Active

That firms pointing in the direction of the smaller investor are on the right track appears evi-

(Continued on Page 1138)

War Must Be Financed So Credit Structure Of Country Will Not Be Destroyed, Says ABA

Financing of the war must be done in a way that will not destroy the credit structure of the country, bankers attending the Credit Clinic of the American Bankers Association at the Waldorf-Astoria here were told by A. L. M. Wiggins, Second Vice-President of the American Bankers Association and Chairman of its Committee on Federal Legislation. Mr. Wiggins is President of the Bank of Hartsville, at Hartsville, S. C.

In turning to the subject of legislation, Mr. Wiggins stated the position of the A.B.A. on the provisions of the War Powers Bill under which the Reserve System may purchase Government bonds directly from the Treasury, and said:

> This principle of direct government financing by a central bank is repugnant to every sense of sound financing, in peacetime. It is a dangerous program even in wartime. It is one of the final resorts of government in the face of financial disaster. The A.B.A. has consistently opposed the granting of such authority in peacetime. However, under the stern threats that arise out of a war economy in 1942, it must be recognized that situations may develop when such powers are needed and must be exercised quickly. There might be too little time after a bombing of Washington or New York for Congress to pass legislation granting powers that might be desperately needed at the moment. The maintenance of government credit, the free flow of funds and the protection of the market for government securities is too vital to the success of the war to be imperiled by unforeseen developments. It was only after careful consideration and deliberation by the Interim Committee that the decision was reached that the American Bankers Association should not oppose this grant of authority, limited to the war period.

He also stated that the A.B.A. is opposed to proposals to federalize unemployment compensation insurance as reflected in the War Displacement Benefits Bill.

The real program to nationalize or federalize unemployment compensation insurance has not yet reached the legislative stage but may turn up at any time. Unemployment compensation should be handled on a State and not a national basis. Whatever inequalities and objectionable features there may be in the present State unemployment compensation systems, the provisions for merit ratings are good. Nationalizing the system is not a cure for the undesirable features and will destroy the merit rating plan. Types of business, such as banks, that maintain continuous and full employment should receive the benefits of an unemployment insurance rate that reflect such stabilized employment. Inasmuch as this federalizing proposal will take away from the States their present powers to provide merit ratings, this matter is one which might well engage the serious attention of State bankers associations. The A.B.A. has followed closely the development of this proposal and will continue its efforts to have the States retain their control and management of unemployment compensation insurance.

Mr. Wiggins reiterated the opposition of the A.B.A. to proposals that the Federal Reserve System be given authority to regulate the reserves of non-member State banks, and he declared that the A.B.A. is opposed to the proposal to remove the tax exemption on existing State and municipal bonds.

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NYSE Philatelists To Hold Stamp Exhibit

The Stock Exchange Philatelic Society will hold its Seventh Annual Stamp Exhibition in conjunction with the 150th Anniversary of the New York Stock Exchange during the week of May 18.

It is planned to have about three hundred frames on exhibition, and entries are open to members of business stamp clubs in the metropolitan area. Entry blanks may be obtained from Frank W. Kirk, James E. Bennett & Co., 50 Broadway, New York City.

The society is also sponsoring a bi-colored printed cachet cover to commemorate this event on May 17, 1942. Any and all profit derived from the sale of these covers will be donated to a War Service Organization. The price is ten cents each or twelve for one dollar.

Crane, McMahon Dissolve

CHICAGO, ILL.—Crane, McMahon & Co., 209 South La Salle Street, members of the New York Stock Exchange, is dissolving as of March 31. Charles A. Crane, senior partner of the firm will retire from La Salle Street temporarily.

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Weedon Commissioned In Chemical Branch

Sidney L. Weedon, Vice-President in Charge of Sales of Hugh W. Long and Co., is withdrawing from the securities business as of April 1, 1942, to accept a commission in the Army. He has been appointed a Major in the Chemical Warfare Service and reports for duty in Washington on Mar. 20th.

Sidney L. Weedon

During World War I Major Weedon saw service in France as a Lieutenant in the same branch of service.

Mr. Weedon has been associated with the Long Company since its inception in July, 1936, first as a District and Syndicate Manager. For the past three years he has been in charge of sales and is widely known among investment dealers and salesmen throughout the eastern, southern, southwestern and middle-western States.

Boston S. E. Ups Rates; N. Y. Curb Considers

New schedules of non-member commission rates went into effect on the Boston Stock Exchange on Mar. 16.

In is understood that the New York Curb Exchange is also studying the problem of higher commission rates and will soon take some action.

A. O. Figge Now V.-P. Of Remer Mitchell Co.

CHICAGO, ILL.—Remer, Mitchell & Reitzel, Inc., 208 South La Salle Street, announce that A. O. Figge has become associated with them as Vice-President. Mr. Figge for many years was President of A. O. Figge & Co.

So. Municipal Dinner

The Southern Municipal Association will hold a meeting and dinner at Oscar's Oldelmonico Restaurant, 56 Beaver Street, New York City, Friday night March 20, 1942.

Cgo S. E. Commission Raised; New Appointee

CHICAGO, ILL.—The Board of Governors of the Chicago Stock Exchange voted to amend the commission rules of the Exchange to conform to the increase in rates on the New York Stock Exchange which became effective on March 16. The new rates became effective on the Chicago Stock Exchange at the same time.

The Board accepted, with sincere regret, the resignation of Ralph W. Davis as a member of the Board and as Chairman of the Executive Committee. Mr. Davis is soon to take a leave of absence from his firm, Paul H. Davis & Co., to assist Thomas Courtney, President of the Northern Illinois Corporation of De Kalb, which corporation will operate a manufacturing defense unit under a sub-contract from Burgess-Norton Co. of Geneva, of which Mr. Davis is a director.

Lyman Barr, a partner of Paul H. Davis & Co., was elected to the Board to succeed Mr. Davis, to serve until the annual election next June.

Harry M. Payne was appointed Chairman of the Executive Committee and Alfred E. Turner was appointed a member of the Executive Committee to succeed Mr. Davis. John C. Stewart, present Vice-Chairman, succeeds Mr. Turner as Chairman of the Committee on Floor Procedure, and Hugh H. Wilson succeeds Mr. Stewart as Vice-Chairman of the Floor Committee.

Group Named To Draft Securities Act Changes

Appointment of a House subcommittee to draft amendments to the Securities Act of 1933 and the Securities Exchange Act of 1934 was announced on March 16 by Representative Lea (Dem., Calif.), Chairman of the House Interstate Commerce Committee. The sub-committee will be headed by Mr. Lea and will include Representatives Cole (Dem., Md.), Crosser (Dem., Ohio), Wadsworth (Rep., N. Y.), and Paddock (Rep., Ill.).

As the basis of its work it will use the voluminous record of hearings conducted last year on changes in the two acts recommended by the New York Stock Exchange and the New York Curb Exchange, the Securities and Exchange Commission and representatives of the brokerage business, according to the Associated Press.

An interesting Reorganization situation
MINNEAPOLIS & ST. LOUIS R. R.
Recent announcement of approval by Interstate Commerce Commission of modified plan of reorganization
Present Offerings available of
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Pullman Rate Increase Authorized by ICC

The Interstate Commerce Commission on March 13 authorized the Pullman Company to increase its rates, fares and charges by 10%, said increase to become effective ten days after filing the necessary tariffs. The Commission found existing fares of the company to be inadequate, in view of wage increases and the monopolization of approximately 20% of the company's rolling stock by the Army and Navy for troop movements.

On the basis of 1941 earnings, it was estimated that the 10% increase would produce additional gross revenue of $6,171,186, of which $2,979,517 would be payable to railroads under operating contracts and $989,417 as additional income taxes, leaving to the Pullman Co. a net increase of about $2,202,252.

The Commission stated that because of the uncertainty as to the future volume of troop movements, the Pullman Co. felt unable to make any intelligent estimate as to the probable traffic volume or gross revenue in 1942 as compared with previous years. The Commission said the Pullman Co. does estimate, however, that there probably will be a slight decrease, or at least no increase in civilian travel and that troop movements will most likely increase. Because of the relatively low rates at which troops on government order move, the irregularity of the service and the large proportion of idle time to which the cars in that service are ordinarily subjected, the profit, if any, from that service is small, the Pullman Co. stated in its petition. Accordingly, the Commission said, it is a fair estimate that while the Pullman Co.'s gross revenue in 1942 under present rates might be somewhat greater than that in 1941, its net operating income would probably be somewhat less.

Morgan Asks Federal Reserve Membership

J. P. Morgan & Co. Incorporated has applied for membership in the Federal Reserve System, it was reported on March 12.

The institution was incorporated as a State bank with trust powers on April 1, 1940, taking over the business conducted by the former private banking firm of J. P. Morgan & Co. Since its change to a commercial bank, it has been the largest bank in the country which is not a member of the Federal Reserve System. Total resources of J. P. Morgan & Co. Incorporated on Dec. 31, 1941 were listed at $749,725,411 and total deposits at $689,361,244.

Membership in the Reserve System automatically carries with it membership in the Federal Deposit Insurance Corporation. The FDIC assessment amounts to 1/12 of 1% of total deposits. The bank's membership in the Reserve System would also involve a subscription to Federal Reserve bank stock equal to 6% of its capital and surplus.

In February, for the first time in history, there was a public distribution of 16,500 shares of the Morgan & Co. stock at $206 a share, which represented 8¼% of the amount outstanding. The only purpose of this offering, it was said, was to further broaden the ownership of the stock. (see issue of Feb. 5, page 545).

On March 11 there was a further distribution of its stock, through a secondary distribution, of a block of 500 shares believed to be an accumulation of shares in the market from the February offering. The stock was priced at $198 per share, less a $6 dealer discount.

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N. Y. Curb Unlisteds Not Exempt From Mo. Blue Sky

The recent exemption from registration in Missouri of securities which are fully listed on the New York Curb Exchange does not apply to securities which are admitted to unlisted trading privileges, Russell Maloney, Missouri Commissioner of Securities, has advised all registered Missouri dealers. Under no circumstances Mr. Maloney points out, must solicitation of such unlisted securities be made in Missouri unless same have also been registered in the Missouri Securities Department.

The exemption from Missouri Blue Sky laws granted to fully listed Curb securities was reported in our issue of March 5, page 939.

Searing, Wilson To Be Robt. Winthrop Partners

Joseph P. Searing and Richard B. Wilson will be admitted to partnership in Robert Winthrop & Co., 20 Exchange Place, New York City, members of the New York Stock Exchange, on April 1. Mr. Searing has been with the firm for some time as manager of the bond department.

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Reg. U. S. Patent Office
William B. Dana Company
Publishers
25 Spruce Street, New York
BEekman 3-3341
Herbert D. Seibert,
Editor and Publisher
Frederick W. Jones, Managing Editor
William Dana Seibert, President
William D. Riggs, Business Manager
Thursday, March 19, 1942

Published twice a week [every Thursday (general news and advertising issue) with a statistical issue on Monday]

Other offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of Mar. 3, 1879.

Subscriptions in United States and Possessions $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

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Freight Rate Increase Postponement Denied

The Interstate Commerce Commission on March 16 denied the petition of the Office of Price Administration, dated March 11, 1942, seeking postponement of the effective date of the freight rate increases on ten commodity groups from March 18 to April 15, 1942 (see "Commercial and Financial Chronicle" of March 12, page 1048).

The commodities included: Cement (natural and Portland); copper ores and concentrates; iron and steel scrap, not copper clad; lead ores and concentrates; lumber and lumber products as from the saw or planing mill, including logs, piling, poles, spars and ties, but not including finished products; non-ferrous scrap (copper and lead, including scrap battery plates); petroleum and petroleum products (crude petroleum, gasoline, liquidified petroleum gases, tractor distillates, and similar distillate type motor fuel other than gasoline, kerosene, including range oil or stove oil, distillate burning, heating or fuel oils, diesel fuel oils, residual burning or heating fuel oils, lubricating oils, including motor aviation and stock oils, and asphalt and asphalt products); rubber scrap; and crude sulphur.

On the basis of 1941 traffic, the freight rate increases are estimated to yield the railroads in 1942 approximately $203,000,000.

B. & M. Highlights

"Highlights on Boston & Maine for 1942," a descriptive booklet discussing the current situation in issues of the Boston & Maine Railroad, with particular emphasis on the first preferred stocks, has been prepared for distribution by Clark, Kohl & Eyman, 55 Liberty Street, New York City, from whom copies may be obtained upon request.

Phila. Bond Club To Welcome SEC To City

PHILADELPHIA, PA. — Members of the Bond Club of Philadelphia will formally welcome to this city members of the Securities and Exchange Commission at the club's luncheon today at the Bellevue-Stratford Hotel when Ganson Purcell, Chairman of the Commission, will be guest speaker. He will address the club on the "Outlook for the Investment Banking Business."

All members of the commission are expected to be present as guests of the club. Besides Mr. Purcell they are: Robert E. Healy, Sumner T. Pike, Robert H. O'Brien and Edmund Burke, Jr.

The luncheon will provide the first opportunity for any group of the Philadelphia investment community to meet the members of the commission, which has just moved its headquarters to Philadelphia from Washington, D. C. as part of the war time measure for decentralizing Federal government agencies.

Walter C. Miller, R. A. Cox and J. Myron Honigman, members of the Pennsylvania Securities Commission, I. G. Myers, Secretary and Hardie Scott, Counsel of the commission, and Mayor Bernard Samuel are expected to attend the luncheon to join members of the Bond Club in welcoming the SEC commissioners.

The luncheon will be presided over by Arthur S. Burgess, President of the club.

A substantial portion of the approximately 1,200 members of the staff of the SEC has already been installed in the commission's new quarters in the Penn Athletic Club Building on Rittenhouse Square, which has been taken over for that purpose. The five members of the commission are expected to officially occupy their quarters within the next few days.

Annual Meeting For Pittsburgh Bond Club

PITTSBURGH, PA.—The annual meeting of the Bond Club of Pittsburgh will be held on March 26 at 7:00 p.m. at the Pittsburgh Athletic Association. Election of officers will be held and reports for the year will be read; several matters of vital importance under "new business" will also be presented to and discussed with the members.

Following the meeting a party will be held in the Annex of the Athletic Association with the usual refreshments, including the oyster bar. The facilities of the Club such as bowling, swimming, cards, etc., will be available to the members at their own expense.

Guests, $3.50; no charge to members.

Veron To Manage Real Estate Dept. For Dunne

Dunne & Co., 30 Broad Street, New York City, announce that N. Edward Veron is now associated with them as manager of their real estate securities department. Mr. Veron was formerly with Snow & Co., Inc., Termini & Co., Mortgagee Distributors Corp. and for 20 years was in business for himself handling real estate mortgages and practicing law.

Irving Manney Is Now With Eisele & King

Irving Manney has become associated with Eisele & King, members of the New York Stock Exchange, 39 Broadway, New York City, in their trading department. Mr. Manney was formerly a partner in Manney & Greene.

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N.A.S.D. Queries Its Members On Everything Except Aunt Fanny

The National Association of Securities Dealers, Inc. has just sent an extensive questionnaire to its members to ascertain their capital strength, practices pursued with respect to handling customers' securities and cash, method of confirming transactions, information regarding personnel, volume of business transacted, et cetera. (This means just about everything except whether or not Aunt Fanny has halitosis or b. o.)

The fact that the N.A.S.D. is going into the capital strength of its members would seem to indicate that they are falling for the long exploded theory that money and integrity are synonymous. This of course is defintely not the case.

The truth of the matter is that the character of business conducted by many investment houses does not necessitate their having more than a nominal amount of capital.

Incidentally, if the N.A.S.D. is truly a self-policing organization, as originally contended, why shouldn't their members, big and little alike, have some voice in deciding whether it is essential in the public interest that they supply a million and one particulars regarding themselves, before they are told they must fill out an extensive questionnaire as they're now being asked to do?

Outlook For Rails

In a discussion on the outlook for railroad bonds given before a group of representatives of banks and other financial institutions in Palm Beach, Florida, Patrick B. McGinnis of the New York Stock Exchange firm of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, declared that in his opinion, railroads will not lose any more business to trucking companies which up to the present time have been their chief competition. He said that over a period of time trucks are going to become poor risks for private capital.

Mr. McGinnis pointed out that in 1939, the railroad industry as a whole did a gross business amounting to $4,300,000,000 and that this year, they will probably do a gross of $5,100,000,000. He said that railroads are the largest private business in the country and still handle 80% of all tonnage moved in the transportation industry.

In discussing income bonds, Mr. McGinnis said that they were being introduced into all railroad recapitalizations, and they could usually be bought at a tremendous discount. If railroads earn the interest, it has to be paid, he continued. "With income bonds," he said, "you don't have to worry about what the tax situation is, because the contingent interest comes before taxes and that, of course, is a novelty in investments these days."

In concluding, Mr. McGinnis urged his audience to take stock of their railroad security holdings and to take steps to profit by the present opportunities offered in this field.

H. Patton Visiting N. Y.

H. Stanley Patton of Timberlake & Company, Portland, Maine, is visiting in Wall Street.

In Armed Forces

William O. Evans, who has been with Hallgarten & Co., 44 Wall Street, New York City, for the past fifteen years in charge of their Fiscal Agency Department, is reporting for duty with the U. S. Navy on March 16, 1942, as a Chief Yeoman. Mr. Evans was formerly with the U. S. Navy for about eight years in that capacity.

Morton S. Webster of Stern, Lauer & Co., 30 Pine Street, New York City, has taken leave of absence to accept an appointment as Lieutenant in the U. S. N. R., and will serve on the Naval Aviation Cadet Selection Board in New York.

Dudley N. Schoales, Blyth & Co., Inc., 14 Wall Street, New York City, has left for Washington where he will be on the staff of the Under-Secretary of the Navy.

Paul M. Rosenthal, Ladenburg, Thalmann & Co., 25 Broad Street, New York City, has received a commission as Lieutenant in the Coast Guard and will report for active duty in about a week.

Maintaining A Balance

"Maintaining a Balance" is the title of the March Bulletin of Putnam & Co., 6 Central Row, Hartford, Conn. It points out why investors should buy United States Defense Bonds and also why they should support the market for other securities. Copies of the Bulletin may be had upon request from Putnam & Co.

N. Y. Bond Club To Hear

Ernest E. Norris, President of the Southern Railway Company, will address the Bond Club of New York at its next luncheon meeting to be held at the Bankers Club on March 25. J. Taylor Foster, President of the Bond Club, will preside at the luncheon.

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Harper, Wegusen With Straus In Gr. Rapids

(Special to The Financial Chronicle)

GRAND RAPIDS, MICH.—Straus Securities Co. announce the association with them of Randall W. Harper, Louis Wegusen, Schuyler M. Raber, Albert E. Harper, Paula Rice, Wayne R. Rice, G. B. Takens and Marguerite M. Marple. All were formerly of Harper, Wegusen & Yonkman, Inc., of which Messrs. Harper and Wegusen were officers. Straus Securities Co. will take over the former offices of Harper, Wegusen & Yonkman in the Federal Square Building, establishing a new branch of the firm in this city.

N. Y. Military Academy Alumni Ass'n Elects

The Board of Governors of the New York Military Academy Alumni Association elected the following officers for the ensuing year:

Chairman of the Board: Frank J. Reynolds; President of Albert Frank-Guenther Law, Inc. President: William Lamb of the law firm of Charles Lamb. Vice-President: John G. Shattuck, Vice-Pres. of Frank G. Shattuck Co. (Schrafft's), Secretary-Treasurer: B. W. Pizzini of B. W. Pizzini & Co.

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DIVIDEND NOTICES

AMERICAN MANUFACTURING COMPANY
Noble and West Streets
Brooklyn, New York

The Board of Directors of the American Manufacturing Company has declared the regular quarterly dividend of $1.25 per share on the Preferred Stock and a dividend of 50c per share on the Common Stock of the Company. Both payable April 1, 1942 to stockholders of record March 9, 1942. The stock record books will be closed for the purpose of transfer of stock from March 10 to April 9, 1942.

ROBERT B. BROWN, Treasurer.

DIVIDEND NOTICE OF
THE ARUNDEL CORPORATION
Baltimore, Md.
March 17, 1942.

The Board of Directors of The Arundel Corporation has this day declared 25 cents per share as the regular quarterly dividend on the no par value stock of the Corporation issued and outstanding payable on and after April 1, 1942, to the stockholders of record on the Corporation's books at the close of business March 23, 1942.

JOSEPH N. SEIFERT, Secretary.

THE NEW YORK TRUST COMPANY
100 Broadway

The Board of Trustees has this day declared a quarterly dividend of 3½% ($0.87½ per share) on the Capital Stock of the Company, payable April 1, 1942, to stockholders of record at the close of business on March 21, 1942. The transfer books will not close.

HARRY F. LITTLEJOHN, Secretary
New York, March 17, 1942

THE GARLOCK
PACKING COMPANY
March 17, 1942
COMMON DIVIDEND No. 263

At a regular meeting of the Board of Directors, held in Palmyra, N. Y., this day, a dividend of 75¢ per share was declared on the common stock of the Company, payable March 31, 1942, to stockholders of record at the close of business March 21, 1942.

R. M. WAPLES, *Secretary*

"Call for
PHILIP MORRIS"

New York, N. Y.
March 17, 1942.

Philip Morris & Co. Ltd. Inc.

A regular quarterly dividend of $1.06¼ per share on the Cumulative Preferred Stock, 4¼% Series, has been declared payable May 1, 1942 to Preferred Stockholders of Record at the close of business on April 15, 1942.

There also has been declared a regular quarterly dividend of 75¢ per share and an extra dividend of $2.00 per share on the Common Stock, payable April 15, 1942 to Common Stockholders of Record at the close of business on March 27, 1942.

L. G. HANSON, Treasurer.

THE WESTERN UNION TELEGRAPH CO.

New York, March 10, 1942
DIVIDEND NO. 260

A dividend of 50 cents a share on the capital stock of this company has been declared, payable April 15, 1942, to stockholders of record at the close of business on March 20, 1942.

G. K. HUNTINGTON, Treasurer.

UNDERWOOD ELLIOTT FISHER COMPANY

The Board of Directors at a meeting held March 12, 1942, declared a dividend for the first quarter of the year 1942 of 50c a share on the Common Stock of Underwood Elliott Fisher Company, payable March 31, 1942, to stockholders of record at the close of business March 23, 1942.

Transfer books will not be closed.

C. S. DUNCAN, Treasurer.

FINANCIAL NOTICE

NEW YORK AND HONDURAS ROSARIO MINING COMPANY
NOTICE OF
STOCKHOLDERS' ANNUAL MEETING

The Annual Meeting of the Stockholders of NEW YORK AND HONDURAS ROSARIO MINING COMPANY will be held at the office of the Company, at Rooms 1855-1859, No. 120 Broadway, New York, N. Y., on Wednesday, April 1st, 1942, at two o'clock P. M., to consider and act upon the following matters:

1. The election of ten Directors for the ensuing year, or until their successors are elected and qualified;
2. Continuing the employment of Ernst & Ernst as the Company's auditors;
3. To consider and take action upon the proposed amendment of Article III of the By-laws of the Company, by adding thereto Section 7 with respect to the indemnification of its directors in certain instances as set forth in said proxy statement;
4. The transaction of such other business as may properly come before the meeting, or any adjournment or adjournments thereof.

For the purpose of the meeting, the transfer books of the Company will be closed from noon, March 21st, 1942, until ten A. M., April 2nd, 1942.

BY ORDER OF THE BOARD OF DIRECTORS
J. PERLMAN, Secretary.
Dated March 18, 1942.

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"Petroleum On Parade"

An attractive booklet entitled "Petroleum on Parade"—"The March of Civilization" has been compiled by Tellier & Company, 42 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association. The booklet, attractively illustrated, discusses the place of oil in the world of today, shows interesting diagrams of oil wells, gives tables of crude oil production and describes what oil royalties are.

Copies may be obtained from Tellier & Company on request.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

John F. Hughes, member of the Exchange, retired from partnership in R. L. Day & Co., Boston, Mass., on March 12. Mr. Hughes made his headquarters at the firm's New York office.

Alexander Falconer retired from partnership in L. S. Kerr & Co. as of March 2.

Samuel N. Goldberg, partner in Sutro Bros. & Co., New York City, died on March 11.

Robert MacDonald, Jr., partner in MacDonald & Co., Philadelphia, died on March 9.

Parana 7% Bond Payment

Chase National Bank announces that it has received, as special agent, funds with which to pay holders of State of Parana (Brazil) 7% external sinking fund consolidated gold bonds due Mar. 15, 1958, 13.325% of the face amount of coupons due Sept. 15, 1939. The payment amounts to $4.66375 for each $35 coupon and $2.331875 for each $17.50 coupon, and is in full payment of all interest claims Payment of the interest may be obtained at the coupon paying division of the bank, 11 Broad Street, New York.

In accordance with this payment, the New York Curb Exchange's Committee on Security Rulings rules that transactions in the bonds on and after Mar. 17 shall be settled by delivery of bonds with the Mar. 15, 1932 to Mar. 15, 1934, inclusive, and Mar. 15, 1940 and subsequent coupons attached.

Seasonal Gains By Chains

Total chain store sales showed moderate seasonal gain in February this year, according to the current review issued by "Chain Store Age."

The composite sales index, regularly compiled by that publication, was 165 in February, compared with 164 in January, and with 128 in February, 1941. These figures are relative to the 1929-1931 average for the month taken as 100.

The index figures by trade groups are:

	Feb., 1942	Jan., 1942	Feb., 1941
Grocery	159	160	117
Variety	167	164	136
Drug	176	177	154
Shoe	208	223	156
Apparel	178	188	133

UTILITY PREFERREDS
JACKSON & CURTIS

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Herman Wise**, formerly with Wise Investments, Inc., has been added to the staff of **Assessment Bond Service, Inc.**, 231 South La Salle St.

CHICAGO, ILL.—**John N. Faust** has become associated with **Blair Securities Corp.**, 135 South La Salle Street.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **John B. Sardy** has become connected with **Carter H. Harrison & Company**, 209 South La Salle Street. Mr. Sardy was previously with Talcott, Potter & Co. and R. H. Smart & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Francis X. Duffy** is now with **Merrill Lynch, Pierce, Fenner & Beane**, Board of Trade Building. Mr. Duffy was formerly with Paine, Webber & Co., and prior thereto with A. C. Allyn & Co., Inc.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Ivan G. Anderson** is now with **Thompson Ross Securities Co.**, 39 South La Salle Street. Mr. Anderson was previously with J. H. Beall & Co., Ryan-Nichols & Co., Carley & Co. and Webber, Darch & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Samuel Newman** and **Albion Trenerry** have been added to the staff of **Selected Investments Co.**, 135 South La Salle Street.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Fred M. Walker** has become affiliated with **Tax Bond Company**, 141 West Jackson Boulevard. Mr. Walker was formerly with Goven, Eddins & Co. for a number of years and in the past conducted his own business.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Hilda B. Miller** has joined the staff of **Thomson & McKinnon**, Board of Trade Building. Miss Miller was formerly with Shields & Co.

(Special to The Financial Chronicle)
DETROIT, MICH.—**Ernest S. Thompson** has become associated with **Keane & Co.**, Penobscot Building. Mr. Thompson was previously with Wright, Martin & Co. and Goodbody & Co.

(Special to The Financial Chronicle)
DETROIT, MICH.—**James C. McGregor**, formerly with Humphries, Angstrom & Co. and Wm. C. Roney & Co., is now connected with **R. C. O'Donnell & Co.**, Penobscot Building.

(Special to The Financial Chronicle)
DETROIT, MICH.—**Charles C. Donovan**, for some years connected with Humphries, Angstrom & Co., is now with **Wm. C. Roney & Co.**, Union Guardian Building.

(Special to The Financial Chronicle)
GRAND RAPIDS, MICH.—**Raymond H. Renehan** has become affiliated with **McDonald, Moore & Hayes**, Michigan National Bank Building. Mr. Renehan was formerly with Harper Wegusen & Yonkman, J. VanderMoere & Co. and Thompson Russ Securities Co.

SEC Utility Analysis

The SEC announced on Mar. 7 that there were 108 issues of securities of electric and gas utility companies, with a total principal amount of $843,656,000, either publicly offered or privately sold during 1941, according to an analysis prepared by the Public Utilities Division of the SEC. This, says the Commission, brings the total for the seven years ending Dec. 31, 1941, to 539 issues of electric and gas utilities, amounting to $6,724,480,000 principal amount. In 1940, 86 security issues with a principal amount of $881,247,000 were similarly offered or sold by this class of utility companies, while in 1939 the aggregate was 91 issues in the principal amount of $889,932,000.

The Commission's announcement concerning the study continued:

> According to the analysis, the 539 issues covering the seven-year period were offered by 240 separate utility companies, of which 225 were operating electric and gas utilities and 15 were utility holding companies. The analysis represents all issues of securities of this type of utility companies of which the Commission has a record under both the Securities Act of 1933 and the Public Utilities Holding Company Act of 1935.

Of the 108 issues of securities offered during 1941, 61 were bond issues, aggregating $642,874,000, with an average coupon rate of 3.40% and an average yield to purchasers of 3.15%. This compares with 43 issues of bonds in 1940, amounting to $759,336,000, upon which the average coupon rate was 3.29% and the average yield to purchasers were 3.05%. Likewise, in 1939, bond offerings totaled 47 issues, amounting to $621,982,000, with an average coupon rate of 3.63% and average yield to purchasers of 3.45%. During the entire seven-year period there were 327 bond issues totaling $5,440,243,000.

During 1941 there were three debenture issues amounting to $13,400,000 as compared with four such issues totaling $40,750,000 in 1940 and eight issues of debentures aggregating $155,750,000 in 1939. During the seven-year period there were 42 debenture issues amounting to $622,800,000.

There were also 25 note issues offered during 1941, amounting to $114,826,000, as compared with 21 issues totaling $24,205,000 during 1940, while the aggregate amount of 92 note issues during the seven-year period was $298,552,000.

Fifteen preferred stock issues amounting to $68,563,000 were offered during 1941, while there were 16 such issues aggregating $51,441,000 in 1940 and 11 issues in the sum of $55,644,000 in 1939. During the seven-year period 68 issues of preferred stock amounting to $344,407,000 were offered.

The coupon rate of bond issues varied from 2.5% to 6.0% during the seven-year period ending Dec. 31, 1941. There were 84 bond issues totaling $1,688,490,000 on which the coupon rate was 3½%.

The analysis was prepared by C. A. Turner, under the supervision of John W. Houser, Director of the Public Utilities Division. A copy of the report may be obtained upon request from the Publications Unit of the SEC., Philadelphia, Pa.

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F. H. Smith With Otis

(Special to The Financial Chronicle)
DENVER, COLO.—Frederic H. Smith has become associated with Otis & Co., First National Bank Building. Mr. Smith was formerly Vice-President of Ver Hulst & Co., Inc.

Tomorrow's Markets
Walter Whyte
Says—

MacArthur rally about over. Don't follow widespread belief that present market discounts coming news. Rally possibility present; however, it depends on factors now unknown.

By WALTER WHYTE

The big headline news, of course, is the arrival of General MacArthur in Australia. Even the stock market got a bit of a lift from it and rallied from the lows. But if you disregard the morale building effect of such news, the rest of the things we read in daily newspapers and on news tickers is hardly anything to go around grinning about.

* * *

Yet the picture of a market that has apparently stopped going down in the face of the continued bad news, has brought out strange theories, all aimed to justify any nearby market predictions. The most common statement heard, is that all the bad news has been discounted and a rally is now inevitable. Well, maybe they don't say "inevitable," but they mean it.

* * *

Another argument, this one for the technical minded, is that low priced stocks have made their lows and as "everybody" knows, that it is these low priced issues that actually point to a turn in the speculative tide the answer, to hear them tell it, is obvious. Eureka! The market is now going up!

* * *

Still another favorite chestnut being tossed around today, is that long market declines tend to over-discount coming news and in any case, the market is oversold.

* * *

All these are perfectly ducky reasons, as reasons go. The trouble is that they don't explain a thing.

* * *

The war news is still bad? Taxes will be heavy? More regulations? Of course, everybody knows that. But the market doesn't go down! Does not that prove something? Sure, it proves that markets, like humans, can stand just so much news, good or bad. After a while it becomes surfeited and further news, unless outstanding, leaves it cold. There's a sound psycological reason for this. If you remember your college psychology you know the scientific explanation. If you don't remember it, it doesn't make any difference.

Now we come to this business of discounting further developments. Here is a market trying to gauge factors it never even thought about before, and not doing so badly either, and people speak glibly about discounting. Discounting what? Intensified war, new defeats, new victories, or what?

* * *

Then we come to this theory, that the speculative low priced stocks make their lows first and having done that, it means that a market rally is not far ahead. Sounds good, doesn't it?

* * *

Take a look at your own experience. Nobody likes taking losses. If a person holds two stocks and is worried, he will most likely sell the good stock, the one that shows a profit. He will hold on to the low priced speculation nursing his loss in the belief that it must come back. The fact that the procedure should have been reversed has nothing to do with the case. That's the way things are. The result is that the lower priced stocks are not the first to make bottoms on major de-

(Continued on Page 1140)

Guaranteed Railroad Stocks

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SEC Adopts New Form For Successor Inv. Adv. Firm

The Securities and Exchange Commission announces the adoption of a form of application, known as Form 3-R, to be used by a firm formed as the successor to a registered investment adviser. Explaining this action the Commission said:

> Form 3-R permits any person who takes over substantially all of the assets of a registered investment adviser and continues the business as an investment adviser to incorporate by reference all of the information originally supplied by the registered investment adviser whose assets are thus taken over, supplemented by any information which is pertinent to the successor firm alone. As a result of this procedure, successors to registered investment advisers will not be required to file a completely new application for registration as an investment adviser.

Copies of the new form are available at the Main Office and at each of the Regional Offices of the Commission.

Hampford Co-Manager Of Reynolds In Pottsville

POTTSVILLE, PA.—James J. Hampford has been appointed co-manager with John E. Pepper of the local office of Reynolds & Co., 101 North Centre Street. In the past Mr. Hampford operated his own investment business in Pottsville.

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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

In recent years we have come to accept vacillations of Government agencies more or less as a matter of course, but even at that there was considerable surprise last week when the Office of Price Administration came forward with a plea for reconsideration of some and presumably eventually all, of the freight rate increases, almost before the ink had had time to dry on the ICC order granting such increases. Before granting the increases (incidentally they were considerably less than had been asked for and far from sufficient to offset the 1941 wage increases) the Commission had held lengthy hearings during which the OPA had failed to oppose the increases.

It is claimed that at the time of the hearings the rate increases appeared justified but that developments in the interim (specifically earnings increases in January) had altered the picture. The rise in net operating income of 11% in the opening month of the year would hardly seem a valid argument against the modest freight rate increase granted, nor would the "inflationary" aspects of an estimated increase of $203,000,000 in the country's annual railroad freight transportation bill seem important in comparison with general wage and commodity trends.

Briefly, the OPA has asked the ICC to postpone from March 18 to April 15 the effective date of increases on a list of commodities where the price structure is extremely sensitive. During this period the OPA hopes to persuade the railroads to exempt the specified commodities from the 6% increase. The commodities covered include petroleum and petroleum products, and lumber and lumber products, excluding finished lumber products. These are the most important items in the list and their exclusion would fall most heavily on the western roads.

By a coincidence the commodities which are "extremely sensitive" as to price structure are of major importance largely to the roads whose earnings have continued to show wide improvement without benefit of the freight rate increases. These roads have been able to improve their operating results largely because they have been getting a long average haul on freight formerly transported by intercoastal steamships, and because a large proportion of the rise in traffic has represented westbound materials. Normally there is a heavy empty car movement west, and hauling the revenue-producing loaded cars involves relatively little added expense.

However, any claim that the increases in earnings represent unjustified profits extracted from war conditions seems untenable when one considers that this same section encompasses the largest proportion of the reorganization mileage of the country. Relatively few of the roads in this section are in the dividend paying category, and it is also in this section of the country that the Government derives most of its benefits from low land grant rates.

Other commodities included in the OPA request for postponement include cement, copper and lead ores and concentrates, iron and steel scrap, rubber scrap, nonferrous scrap, pig iron, and crude sulphur. Application of these exemptions would be more general throughout the industry, although the scrap metals would be more important to the eastern industrial properties than elsewhere. It is also probable that the industrial roads would be more affected by the exemption of petroleum products under present conditions than would ordinarily be the case. Due to tanker sinkings roads in virtually all sections of the country have been hauling a record volume of petroleum and products. That the eastern roads can ill afford to miss even a single dollar of their proposed freight rate increase seems apparent from a study of typical January reports. The following tabulation shows the percentage year-to-year decline in January net operating income for a number of industrial and coal roads:

	Decline
Baltimore & Ohio	13.3%
Chesapeake & Ohio	19.8%
Del., Lack. & Western	39.7%
Erie	7.3%
Lehigh Valley	63.3%
Louisville & Nashville	5.6%
New York Central	33.1%
N. Y., Chic. & St. Louis	1.2%
Pennsylvania	13.3%
Pere Marquette	39.3%
Reading	25.5%
Wabash	92.9%

The most unfavorable aspects of the OPA policy is that it apparently indicates a determination that railroads shall not be allowed to increase their earning power; actually it would mean a decline in earning power in line with the heavier tax burden that must be assumed by all corporations. The OPA has expressed the opinion that, in addition to specific commodities for which exemption has been asked immediately, if earnings continue up (presumably meaning that if these other roads can erase their declines) all of the freight rate increases should be repealed.

Any one at all familiar with the railroad picture is aware that higher earnings are necessary to allow the carriers to meet the equipment needs of the armament boom and retire their debt. The latter is highly important if many of the marginal properties are to retain their solvency in the post-war era. It is to be hoped that the ICC will hold to its original stand with respect to the freight rate increases and that railroad management will display a greater degree of resolution than it has in the past. There certainly is no fairness in the stand that the hard-pressed carriers should shoulder a disproportionate share of the inflationary cycle stemming originally from wage increases.

Railroad Reorganization Securities
(When Issued)

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Underlying Mortgage Bonds

VAN TUYL & ABBE
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NEW YORK

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—38⅝, low—14¾, last—38⅜.

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Bank and Insurance Stocks

This Week — Insurance Stocks

In the reaction of the security markets to the Treasury's proposed new taxes, insurance stocks have been subjected to their share of examination from the tax standpoint.

Under the Treasury's recommendations, the normal tax rate would be kept at 24%, but the surtax rate would be increased from 7% to 31%. Method of figuring excess profits tax would also remain the same, companies continuing to have the invested capital or average earnings alternative and exemption credit being kept at 8% on the first $5,000,000 of invested capital and 7% on balance, or 95% of 1936-1939 average earnings, plus $5,000. Excess profits rates would be stepped up to minimum of 50% and top of 75%.

Also, not mentioned and therefore presumed to be kept unchanged, is the credit of up to 85% of "adjusted net income" (net income after deduction of tax-exempt income) for corporate dividends. This credit for dividends on the receiving end is justified by the heavy taxes at the paying end. If this equitable provision is continued, therefore, insurance companies and other institutional investors deriving substantial dividend income from stock holdings would apparently have an important tax advantage, because the 85% credit applies to both normal tax and surtax.

This is more apparent than real, however, inasmuch as corporate dividends in 1942, after the heavier taxes proposed, would probably be substantially reduced because of the lower net available for dividends. This would be directly reflected in investment income of fire and casualty insurance companies, and therefore would possibly lead to reduced dividends by the insurance companies in turn, in adhering to the conservative practice of limiting dividends to within the net investment income alone.

Fortunately, various companies have provided for flexible dividend scales. Back in 1935 and 1936, when the substantial underwriting earnings of fire companies and good recovery in investment income to the 1937 peak justified larger dividends, various companies wisely decided to set up a system of extra dividends in addition to the basic reglar dividend rate, rather than increasing regular. By so doing they could relatively assure continuance of the regular rate under reasonable conditions, while at the same time they could adjust the scale of extras unward or downward as necessary.

Thus far, the scale of extras has shown as good stability as the basic regular rates, but the heavier burden of corporate taxes for 1942 might result in lower investment income to the point where extras would be subject to reduction.

Also, for 1942 companies whose "statutory" (earned) underwriting profits are swelled by the release of earned premiums on lowered motor vehicle volume, would have larger earnings subject to taxation at the higher rates, as compared to 1941 taxes based on lower tax rates and smaller statutory underwriting profits.

Bond interest, of course, comes before taxes on net income in corporate accounting, and so those insurance companies maintaining a large proportion of their invested assets in bonds would probably show much better stability of investment income than those companies having a larger position in stocks. In fact, as the substantial upturn in premium volume continues to bring in a large volume of premium money, investment of this new increment of funds even in Governments of low return would help to offset the probable reduction in income from stocks.

For the past several years, but particularly in the last two years, fire companies have been increasing their ratio of cash and bonds as against their ratio of stocks. Some fire companies, indeed, as for example in the Corroon and Reynolds Group, have undergone basic transformation from "stock investors" to "bond investors." There is therefore much greater stability in investment income of fire companies. Casualty companies, because of the necessities of their business, have traditionally carried a higher ratio in cash and bonds than in stocks, and so are particularly well prepared in these times of rising taxes to maintain investment income and dividends.

The "bond investors" of course, will find their earnings subject to surtax like other companies but at least they would have the better maintained interest income, aided by the inflow of new premium money, with which to absorb the heavier taxes.

Fortunately also for insurance company dividends is the absence of necessity of building up capital funds to the point of its being a factor in forcing dividend reductions, as in banks. The ratios of policyholders' surplus to assets and policyholders' fiduciary funds have been kept at conservative figures by the long standing policy of limiting dividends to investment income and ploughing back all other gains, both operating and capital gains.

Chief source of ploughed back operating earnings is underwriting, which is therefore extremely important to keep "in the black" at this time of rising taxes, vulnerable investment income and mounting volume of underwriting losses and underwritten risks. Nothing should be done by Government to disturb the regulation policy of adequate rates, which protects reasonable underwriting gains and assures strengthening of capital ratios.

Continuing our coverage of the 1941 operating results of insurance stocks of general market interest, tabulated below are statistics on 20 more fire and 7 casualty stocks:

	Prem. Vol.	Liq. Value		Oper. Earnings Und'g Gain		Oper. Earnings Inv. Income		Annual
Fire—	Gain	12-31-41	12-31-40	1941	1940	1941	1940	Div.
Amer. Home	—43.0	$21.67	$22.93	—$0.37	—$2.36	$1.28	$1.20	---
Amer. (Newark)	17.4	14.99	15.48	0.52	0.44	0.63	0.63	0.60
Amer. Reserve	3.0	26.26	26.73	0.89	—3.55	2.01	2.12	---
Boston	14.6	621.08	672.36	9.91	10.16	30.83	30.01	21.00
Fire Assoc.	16.5	72.88	79.62	—0.74	1.95	4.06	3.69	2.50
Firemen's	11.4	†11.58	†12.00	0.51	0.17	0.23	0.24	0.40
Glens Falls	24.3	‡33.18	‡35.41	1.66	1.31	1.03	0.87	‡1.80
Globe & Rutgers Com.	33.9	*16.66	*22.08	—3.72	—1.85	*2.34	*1.65	---
Hanover	19.3	26.30	28.43	0.08	0.35	1.41	1.39	1.20
Ins. Co. of N. A.	16.0	71.29	73.97	1.32	1.29	3.61	3.38	3.00
Monarch Fire	—5.3	9.89	9.91	—0.41	—0.45	0.44	0.33	---
New Hampshire	10.7	45.11	47.93	—0.71	0.46	2.14	1.96	1.80
North River	24.5	21.59	22.61	0.27	0.38	1.15	1.06	1.00
Northwestern Natl.	11.0	157.90	156.42	3.06	2.26	8.14	7.27	5.00
Phoenix	13.3	90.23	94.38	1.06	0.85	3.16	3.13	3.00
Prov. Washington	16.8	36.41	38.07	1.16	1.40	1.80	1.72	1.40
Reins. Corp.	76.1	6.61	8.04	—0.35	0.09	0.37	0.34	0.30
Republic (Texas)	29.0	32.39	32.71	1.16	0.76	1.31	1.29	1.20
U. S. Fire	17.1	51.01	53.04	1.23	1.35	2.51	2.50	2.00
Westchester Fire	20.5	30.82	32.51	0.47	1.58	1.67	1.60	1.60
Casualty—								
Amer. Surety	6.0	57.60	55.59	4.34	3.12	2.86	2.51	2.50
Gen. Reins.	15.6	40.67	39.04	4.26	3.06	2.09	1.84	2.00
Hartford St. Boiler	25.6	49.49	52.30	1.19	0.98	2.57	2.36	1.80
Md. Cas. Common	16.7	—*	—*	1.33	1.15	*0.54	*0.51	---
Mass. Bdg. & Ins.	4.1	63.76	65.51	4.47	4.39	4.85	4.81	3.50
Seaboard Surety	36.4	47.44	42.59	6.71	4.28	1.56	1.51	1.70
U. S. Guarantee	13.3	63.42	60.41	8.17	5.75	2.40	2.10	2.35

*After allowing for preferred. †Bonds amortized. ‡Including investing affiliate.

Corn Exchange Nat'l Bk. & Tr. Co.
Fidelity-Phila. Trust Co.
First National Bank
Girard Trust Co.
Penna. Co. for Ins. on Lives etc.
Philadelphia National Bank
Phila. Transportation Co.
3-6s, 2039 & Pfd.
H. N. NASH & CO.
1421 Chestnut Street, Philadelphia
Phila. Phone Locust 1477
New York Phone HAnover 2-2280
Teletype PH 257

INSURANCE STOCKS
Mackubin, Legg & Company
Established 1899
Members New York Stock Exchange
BALTIMORE
Telephone—Plaza 9260
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NEW YORK
WHitehall 3-9630
NY 1-563

Bank and Insurance Stocks
Inquiries invited in all Unlisted Issues
Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK CITY
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Department)

NYSE Committee Gets More Nominations

Thirty-nine additional names were received at the third and final meeting of the Nominating Committee held for the purpose of receiving suggestions from members and partners for the positions to be filled at the annual election of the Exchange on May 11. The slate of nominees will be posted on April 13. A net total of 82 names have been suggested at the three meetings.

Latest suggestions received follow:

Chairman: Robert P. Boylan, at E. F. Hutton & Co., and Raymond Sprague, Raymond Sprague & Co. William K. Beckers, Spencer Trask & Co. and Joseph Klingenstein, Wertheim & Co., have withdrawn their names.

Three Governors who shall be members of the Exchange residing and having their principal places of business within the Metropolitan area of the city of New York: Charles K. Dickson, Auchincloss, Parker & Redpath; Donald J. Hardenbrook, at E. F. Hutton & Co.; Jerome Lowine, H. Hentz & Co.; Jerome W Nammack, at Struthers & Dean, and John B. Shethar, at Wellington & Co. John A. Cissel, F. P. Ristine & Co.; Robert J. Hamershlag, Hamershlag, Borg & Co.; William A. Pidgeon, Jackson & Curtis, and Jacob C. Stone, Asiel & Co., have withdrawn their names.

Three Governors who shall be allied members or non-members residing and having their principal places of business within the Metropolitan area of the city of New York, who shall be general or limited partners in member firms engaged in a business involving direct contact with the public: William J. Hammerslough, Lehman Bros.; John M. Hancock, Lehman Bros.; Leonard D. Newborg, Hallgarten & Co.; Hamilton Pell, Pell & Co., and Radcliffe Swinnerton, R. Swinnerton & Co. Gayer G. Dominick, Dominick & Dominick, has withdrawn.

Three Governors who shall be members or allied members or non-members of the Exchange residing and having their principal places of business outside of the Metropolitan area of the city of New York, who shall be general or limited partners in member firms engaged in a business involving direct contact with the public, of whom not less than one shall be a member of the Exchange: A. P. Dann, J C. Dann & Co., Buffalo; Nathan K. Parker, Kay, Richards & Co., Pittsburgh, and Ledlie W. Young, A. E. Masten & Co., Pittsburgh. Edward H. Hilliard, J. J. B. Hilliard & Son, Louisville, has withdrawn.

Nominating Committee — Five members of the Nominating Committee, three of whom shall be members and two of whom shall be allied members of the Exchange: Carroll S. Bayne, Luke, Banks & Weeks; Marshal Booker, Corlies & Booker; Raymond Chauncey, Chauncey & Co.; J. Dudley Clark, Jr., H. C. Wainwright & Co.; William V. Couchman, Cohu & Torrey; Hartley C. Davidson, Henderson, Harrison & Co.; Edward J. Duffy, Jr., Kean, Taylor & Co.; Hurlbert C. Elmore, H. N. Whitney, Goadby & Co.; Charles S. Garland, Alex. Brown & Sons, Baltimore; Paul V. Hall, Sutro Bros. & Co.; John C. Henderson, Charles F. Henderson & Sons; Stephen A. Koshland, Carl M. Loeb, Rhoades & Co.; Arthur H. Lamborn, Lamborn, Troup & Co.; Charles C. Lee, George D. B. Bonbright & Co.; William P. Marseilles, Jr., Seasongood & Haas; Paul V. Mravlag, W. W. Lanahan & Co.; Esmonde F. O'Brien, E. F. O'Brien & Co.; Joseph G. Osborne, Hayden, Stone & Co.; Henry Picoli, F. H. Douglas & Co.; Martin J. Quinn, Jr., E. C. Benedict & Co.; Charles A. Sulzbacher, L. F. Rothschild & Co.; John T. Terry, Jr., Wood, Walker & Co., and Robert F. Whitmer, Jr., Mitchel, Whitmer, Watts & Co.

Allied Member—Ernest O. Dorbritz, Moore, Leonard & Lynch, Pittsburgh. Richard Pigeon, Estabrook & Co., has withdrawn his name from consideration as trustee of the Gratuity Fund.

Simpson Co. Again Active

DENVER, COLO.—B. E. Simpson and Company announces the re-opening of the firm as of March 9. Offices will be located at 1661 California Street. The firm was originally formed in 1929 to deal in over-the-counter securities, specializing in a broker and dealer service. Bryan E. Simpson is proprietor of the firm.

Royal Bank of Scotland
Incorporated by Royal Charter 1727
HEAD OFFICE—Edinburgh
Branches throughout Scotland
LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£98,263,226
Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1941 £150,939,354
SIR ALFRED DAVIDSON, K.B.E., General Manager
Head Office: George Street, SYDNEY
The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.
LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

Accept Posts In N. Y. Fund

John W. Hanes, former Under Secretary of the Treasury and Chairman of the 1942 Campaign of the Greater New York Fund, has announced that W. Palen Conway, Chairman of the Board of the Guaranty Trust Co. and Frederick M. Warburg, a partner in the investment banking firm of Kuhn, Loeb & Co., have accepted vice-chairmanships in this year's organization.

Mr. Hanes succeeded James A. Farley, former Postmaster General, under whose chairmanship in 1941 the Fund raised $4,250,000 which was $500,000 more than it had collected in any of the three previous years of its life.

The Fund's campaign starts on March 23 with a breakfast in the Hotel Astor. It will make its annual appeal to business firms and employee groups on behalf of 400 voluntary welfare and health agencies that share in the money raised. Through one yearly contribution to the Fund business has an opportunity to do its part in helping to support community welfare.

A previous item on the Fund's campaign appeared in these columns of March 12, page 1054.

Ins. Stocks Attractive

An interesting and attractive brochure entitled "Insurance Stocks as Investments," has been prepared by F. L. Putnam & Company, Inc., 77 Franklin Street, Boston, Mass. The position of insurance as "the very cornerstone of the economic and social structure upon which this nation stands" is discussed as are profit record, relative immunity of such stocks to depression, safeguards for the investor, effects of war, priorities and inflation. Also included are comparative figures on twelve insurance stocks which F. L. Putnam & Co. considers particularly attractive at this time. Copies of the brochure may be had from the firm upon request.

UNION BOND FUND "A"
UNION BOND FUND "B"
UNION BOND FUND "C"
UNION PREFERRED STOCK FUND
UNION COMMON STOCK FUND "A"
UNION COMMON STOCK FUND "B"
UNION FUND SPECIAL

UNION
Trusteed Funds, Inc.

Prospectus covering all classes of stock on request

LORD, ABBETT & CO.
INCORPORATED
63 Wall Street, New York
CHICAGO JERSEY CITY LOS ANGELES

Investment Trusts

Opportunities for investment in specialized fields where the ordinary investor fears to entrust his money are made possible by the mutual investment companies. The present sudden realization of possibilities of Latin-American bonds, for example, was long ago anticipated by the American Foreign Investing Corporation.

One substantial New York investor remarked last week that he would like to put some money in Latin-American issues but didn't "know what issues to buy or anyone that could tell him which ones." That seems to be a pretty general feeling, and a mutual fund with several years experience in the field seems the logical answer.

The most amazing thing about the Latin-American issues is that interest in them has taken so long to develop. The story of Latin-America at this time sounds almost like a fairy tale.

Long a relatively poor raw-material producing section of the world, the United States has suddenly found Latin-America to be essential to the war effort, not only because of the raw materials, but in order to present an united front opposing the Axis powers.

Briefly, Latin-America can be expected to benefit from rising commodity prices, the search for new sources of commodities formerly obtained from the Far East and other areas, the Good Neighbor and Lend-Lease policies. This is a combination that's hard to beat.

Of course, commodity prices will be held down somewhat by Mr. Henderson's OPA, but price controls are generally ineffective outside of national boundaries. Even should price controls prevent further rises in Latin-American commodities, the rises which have already taken place are great enough to provide substantial increased incomes for South American producers. For example, a five-cent rise in Brazilian coffee (the rise since 1940 has already exceeded that) means over $85,000,000 more for the producers.

As Robert S. Byfield, President of the American Foreign Investing Corporation, wrote in an article in the New York "Herald Tribune" last October:

"The rising tempo of industrial activity in the United States because of our defense, lend-lease and long range development programs has now advanced to a level not seen since 1929 and perhaps not even then. Not only are our purchasing agents combing every remote corner of Latin-America for needed supplies but we are actually attempting to corner many important raw materials through so-called preclusive agreements, particularly those of a strategic value, in order to keep them out of the hands of the Axis. Of course, we are taking the large amounts of coffee assigned to us under the quota plan from Brazil, Colombia and various Central American countries.

"We are buying practically the entire Uruguayan wool clip, all Chilean and Peruvian copper, and we have recently increased the sugar quota importable from Cuba, Peru, Dominican Republic and Haiti. Most of our ordinary imports, including bananas, platinum, hides, tanning materials, nitrates and cocoa are continuing in normal, and in most cases considerably in excess of normal volume.

"In addition, we are arranging to buy many commodities not ordinarily shipped here from Latin-America, such as antimony from Mexico, Bolivia and Peru. We are asking Cuba for more chromite. Other strategic materials are manganese from Cuba and Brazil, mercury from Mexico and Peru, tin from Bolivia now under a five-year contract, and tungsten from Peru and Mexico."

Since that article was written, we have lost our Far Eastern sources of rubber, petroleum, vegetable and other essential oils, tin, and chrome ore, and sugar to mention only a few commodities.

Not only are our purchases of Latin-American products greater, thus greatly improving the dollar balances of our neighbors, but superimposed upon this are substantial lend-lease advances and Export-Import Bank loans.

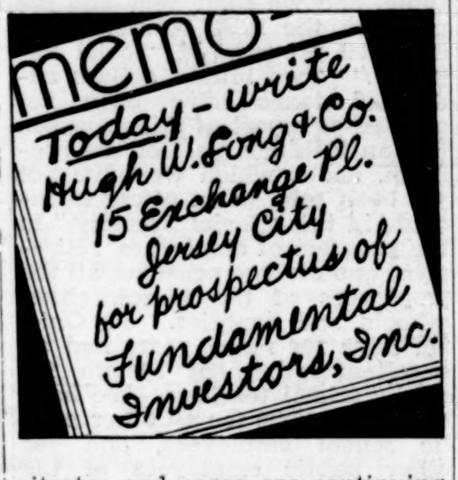
The net result of these various factors has been to enrich the Latin-American Governments. In particular, a large volume of dollar exchange in excess of current requirements is being made available to them. Their currencies have begun advancing relatively to the dollar. And, to quote again from Mr. Byfield:

"It is evident that the unfreezing of Latin-American currencies will result in increased repatriation of Latin-American dollar bonds at the tremendous discounts at which most of them are selling. Such repatriation is, of course, no novelty, as there has been a constant, though largely unmeasurable return of such bonds to the countries of issue.

"Occasionally some statistics are available, as for example, Brazilian repurchases of Federal, State and municipal dollar bonds were reported at over $22,000.000 par value during 1940. The amount of Brazilian State dollar bonds outstanding declined more than 16% in that year.

"Chile, operating under Law 5580 and supplementary legislation, has retired about $94.000,000

(Continued on Page 1138)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Fundamental
Investors, Inc.

THE YALE & TOWNE MANUFACTURING COMPANY

ANNUAL REPORT—1941

To the Stockholders: *New York, March 9, 1942.*

Your Directors submit the Income and Surplus Accounts and the Balance Sheet of the Company for the year 1941, with the certificate of our auditors. As in previous years, domestic and foreign accounts have been consolidated, except that for 1941 no figures are included for operations in Germany. This means, of course, that the comparative figures between the years 1940 and 1941 are not on exactly the same basis. For ease in reference, the two statements are numbered. Explanations in the following report also carry numbers to tie the written comments to the various Income and Surplus and Balance Sheet Items.

COMPARATIVE STATEMENT OF INCOME AND SURPLUS

	1941	*1940*
1. Net Sales	$29,769,103.78	$21,081,445.67
2. *Cost of Sales—Factory cost, selling, administrative and general expenses	25,953,928.36	18,760,226.25
3. Net Profit before Miscellaneous Income, etc.	3,815,175.42	2,321,219.42
4. Add: Miscellaneous Income, Dividends and Interest received less charges for 1941, $8,434.75 and 1940, $21.00	256,625.19	297,333.44
5. Net Profit from ordinary operations before Federal, State and Foreign Income Taxes.	4,071,800.61	2,618,552.86
6. Deduct: Provision for Federal, State and Foreign Income Taxes (including Excess Profits Taxes)	2,402,413.93	1,032,385.74
7. Net Profit from ordinary operations	1,669,386.68	1,586,167.12
8. Deduct: Reserve for Foreign Contingencies	--------	175,000.00
9. Net Profit (from ordinary operations after deducting Reserve for Foreign Contingencies)	$ 1,669,386.68	$ 1,411,167,12
Add:		
10. Earned Surplus—January 1st	$ 4,892,611.78	$ 4,782,053.84
11. Earned Surplus before the following charges	6,561,998.46	6,193,220.96
Deduct:		
12. Adjustment in connection with the conversion of net assets in foreign countries	23,084.86	5,485.28
13. Addition to Reserve for Foreign Contingencies	920,932.76	825,000.00
14. *Profits* or Losses on sales of investments during the year	*372.16*	*16,532.10*
15. Cash Dividends	486,656.00	486,656.00
16. Total Charges to Earned Surplus	1,430,301.46	1,300,609.18
17. Earned Surplus—December 31st	$ 5,131,697.00	$ 4,892,611.78
*Including:		
Depreciation	666,410.01	515,862.64
Maintenance and Repairs	1,335,812.73	836,713.93

COMMENTS ON INCOME AND SURPLUS STATEMENT

Item 1. In 1941 the sales of $29,769,103 were 41.2% above the 1940 sales of $21,081,445, even though the 1941 figure did not include any sales of the Velbert (German) Division. These 1941 shipments are the largest ever made by the Company.

Our Materials Handling Equipment and Rotary Pump lines were in great demand. In Locks and Hardware the volume also was unusually large. Because of the nature of our regular products, a considerable percentage of our business in them was directly or indirectly connected with the war effort. In addition, the Company undertook progressively during the year more orders on special war items.

Because of the Company's equipment and skilled personnel, and because of a definite policy of maximum cooperation in the war effort, the trend in 1942 will be strongly toward an increasing amount of war product. Concurrently, however, our Lock and Hardware lines undoubtedly will have to be curtailed to conserve metals.

The English and Canadian Divisions not only did well but they worked closely with their respective governments on war work. It is also of interest that by re-tooling and by a special effort the Company was able to do from the United States a considerable amount of the Latin American business formerly done by us from Germany. Unfortunately, due to material shortages this program is becoming more and more difficult.

Item 2. An unceasing effort was made during 1941 to improve the machinery and equipment in the Company's plants. On the whole, it can be said that manufacturing efficiency advanced due chiefly to better facilities and to a program of simplification of product. The latter was undertaken to conserve materials and to increase the volume of production.

Depreciation increased from $515,862 to $666,410. The longer hours of operation and the amortization on a basis of 20% a year of a considerable amount of newly acquired machinery in connection with war work were largely responsible.

Item 6. In this report reserves for Federal Income and Excess Profits Taxes have been set up without any deduction in 1941 in connection with the Company's German properties. All of the necessary facts are not yet obtainable and, therefore, neither the amount of deductions nor the year or years for them is definitely ascertainable. It seems certain, however, that losses have been or will be sustained in Germany and that tax credits will materialize for 1941, or for future years or for both.

Item 8. No reserve for foreign contingencies was required for 1941 from operations, as transfers of profits were made from Canada and England and as no German profit was included due to a total lack of final figures for the year.

Item 9. The net profit for 1941 was $1,669,386, an increase of $258,219 over 1940. This represented a profit per share in 1941 of $3.43.

With such a large increase in sales as took place in 1941 a greater advance in net profit might well have been expected. The increase in the Federal Tax Rates and the application of the Excess Profits Tax before rather than after the normal tax both made a great difference. These factors applied to the much greater taxable profit were chiefly responsible for the large increase in Income and Excess Profits Taxes, as reflected in Item 6.

During 1941 dividends of $1.00 per share were paid. The acute need of the business for cash made this payment the largest one the Directors could declare in accord with prudent financial judgment.

Earnings in Canada and England were calculated at the average exchange rates during the year.

Item 13. A transfer of $920,932 from Surplus to Reserve for Foreign Contingencies seemed, under all the circumstances, sound judgment to the Directors. A further explanation of this reserve is given under Balance Sheet Item 33.

COMMENTS ON BALANCE SHEET

Item 18. Because the unusual expansion of the business in 1941 required an increase of various types of assets (principally receivables and inventory) the Company closed the year somewhat short of cash. This was true despite the $1,000.000 bank debt as shown in Item 28. Naturally, every effort will be made to strengthen the Company's cash position.

On December 31st, cash in Canada, at an exchange rate of $.80 for the Canadian dollar, and in England, at an exchange rate of $3.50 for the pound sterling, amounted to $350,100 of the total cash of $1,497,072, which included no cash in Germany. In fact, no German assets of any kind are included in the Balance Sheet.

Item 19. The increase of $752,653 in receivables, to a total of $4,368,388, was consistent with the advance in sales. All known bad debts were absorbed in operations. The $200,000 reserve is a blanket one to cover unforeseen contingencies.

Item 20. Inventories of $10,443,323 at the close of the year showed an increase of $2,181,249. This advance, however, must be judged in connection with the larger sales, the addition of new war products and the heavy unfilled balances. In view of these considerations the inventory is felt to be proper in amount.

Item 21. With Total Current Assets increased by $2,820,199, to a total of $16,308,783, the ratio to Current Liabilities (see Item 32 amounting to $5,904,802) stood at 2.8 to 1. In Canada and England, at the conversion rates indicated in Item 18, Net Current Assets amounted to $1,257,623.

Item 23. In 1941 Plant and Equipment decreased $819,099 to a total of $7,350,269. This drop took place due to the elimination of the German assets in this category. Aside from Germany total betterments were $947,639 and depreciation was $666,410, making the net increase in Plant Account $281,229.

Item 24. The elimination of those German assets previously carried under this caption was responsible for the large drop in this item, which decreased from $1,084,332 to $372,013.

Item 27. The rise of Total Assets, amounting to $1,284,197, took place despite the elimination of German assets. In Canada and England the Company's Total Assets were $3,240,418 at the end of 1941.

Item 31. As was explained under Item 6, tax reserves have been set up without regard for possible tax credits in connection with the Company's German assets. Item 31, therefore, was figured to represent the maximum liability.

Item 33. Some years ago, the Company commenced accumulating a reserve as a protection against possible losses to its foreign investments. This reserve at the close of 1940 amounted to $3,000,000.00 (of which $768,192.00 was provided in 1938 out of Capital Surplus). Now that a state of war exists between this country and Germany, it has been deemed advisable to eliminate from the Company's Balance Sheet for the year 1941 the total amount of its investment in Germany, amounting to $2,920,932, consisting of stock in its German subsidiaries and the assets and liabilities of its German Division. Accordingly, there has been charged against the "Reserve for Foreign Contingencies" the sum of $2,920,932 and the remaining balance of $79,068 has been brought up to $1,000.000.00 by transferring from Earned Surplus the sum of $920,932, as stated under Item 13.

GENERAL COMMENTS

The loyalty, ability and cooperation throughout the Company are of a high order. For this the Directors and Officers wish to express a deep sense of gratitude.

By order of the Board of Directors.

W. GIBSON CAREY, JR.,
President.

JOHN H. TOWNE,
Chairman of the Board.

COMPARATIVE BALANCE SHEET

ASSETS

	Dec. 31, 1941	*Dec. 31, 1940*
18. Cash	$ 1,497,072.17	$ 1,610,776.58
19. Receivables	4,568,388.24	3,815,734.47
Less: Reserve for Doubtful Accounts	*200,000.00*	*200,000.00*
	$ 4,368,388.24	$ 3,615,734.47
20. Merchandise Inventories — at Lower of Cost or Market	10,443,323.36	8,262,073.66
21. Total Current Assets	$16,308,783.77	$13,488,584.71
22. Employees' Loans for Stock and Home Purchases (Secured)	73,505.58	85,748.86
23. Plant and Equipment	16,648,196.66	17,840,340.62
Less: Reserve for Depreciation	*9,297,926.73*	*9,670,971.69*
	$ 7,350,269.93	$ 8,169,368.93
24. Investments in and Advances to Subsidiaries and Other Companies	372,013.46	1,084,332.14
25. Trademarks, Patents and Goodwill	1.00	1.00
26. Prepaid Insurance, Taxes, etc.	98,325.78	90.666.66
27. Total	$24,202,899.52	$22,918,702.30

LIABILITIES

	Dec. 31, 1941	*Dec. 31, 1940*
28. Notes Payable to Banks	$ 1,000,000.00	--------
29. Accounts Payable	1,971,214.27	$ 1,508.557.11
30. Dividends Payable January 2nd.	72,998.40	72,998.40
31. Reserves for Taxes and Other Accruals	2,860,589.85	1,278.135.01
32. Total Current Liabilities	$ 5,904,802.52	$ 2,859,690.52
33. Reserve for Foreign Contingencies	1,000,000.00	3,000,000.00
34. Capital Stock: Authorized $25,000,000.00 (1,000,000 shares of $25.00 par value) Issued—486,656 shares	12,166.400.00	12.166.400.00
35. Earned Surplus	5,131,697.00	4.892.611.78
36. Total	$24,202,899.52	$22,918,702.30

TO THE BOARD OF DIRECTORS,
THE YALE & TOWNE MANUFACTURING COMPANY.

We have made an examination of the Balance Sheet of The Yale & Towne Manufacturing Company as at December 31, 1941, and of the related Statement of Income and Surplus for the year ended December 31, 1941, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination included all procedures which we considered necessary and was made in accordance with generally accepted auditing standards applicable in the circumstances.

We also examined the general corporate records of the subsidiaries not consolidated. The aggregate equities in subsidiaries not consolidated exceed, by a moderate amount, the investments in and advances to such subsidiaries, and the operating results of these subsidiaries for 1941 have been substantially reflected in the Company's accounts.

Plant and equipment is stated at $110.680.69 less than cost, after allowing for appreciation of land $198.665.70 recorded prior to 1910. The assets are shown net after providing adequate reserves aggregating $9,579,895.63 against possible losses, depreciation and obsolescence.

In our opinion, the foregoing Balance Sheet and related Statement of Income and Surplus, read in conjunction with the comments contained in the first paragraph of the President's report and under items numbered 6. 8, 9, 18, 21, 27 and 33 present fairly the position of The Yale & Towne Manufacturing Company at December 31, 1941, and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

BARROW, WADE, GUTHRIE & CO.
New York, N. Y., March 9, 1942. Accountants and Auditors.

Municipal News & Notes

Immersed in the sweat, toil and tears of an all-out war to preserve their priceless individual freedoms against foreign totalitarians who shackle people to the state, the American people are threatened with loss of those freedoms in our legislative halls at Washington. Currently under consideration by the House Ways and Means Committee are the bold recommendations of Treasury Secretary Morgenthau to tax future as well as outstanding bonds of States and their political subdivisions.

Superficially plausible is the Morgenthau argument that holders of such bonds should pay income taxes thereon as do holders of taxable issues, but the old myth that tax-exempts are merely a haven for rich men has been exploded by a 10-year inventory of rich men's estates which disclosed holdings of only 5% in tax-exempt securities. Also, in preponderant majority, such tax-exempts are held by banks and insurance companies to protect tens of millions of depositors and policy holders and by endowed institutions of learning to provide higher education for millions of American students. Washington advocates of Constitution revision by legislative short cut should therefore find a more logical whipping boy than the greedy rich to convince the people of the righteousness of their case against tax-exempt State and municipal bonds.

But in addition to the indirect benefits of millions of people from such tax-exempts, practically every American benefits from them more directly. They—for all of them are local taxpayers, irrespective of whether they be home owners or rent payers—save from ½ to 1½% annual interest on the funded debt of home town, county and State due solely to the tax-exempt feature of their bonds and the resultant lower interest rate they command in financial markets. Making such public issues taxable might conceivably add 50 millions to our Federal revenues, but conversely it would, when the cycle of borrowing, investment and higher interest rates were again completed, add that amount or more to local, county and State tax burdens for home owners and renters throughout the nation to pay. In the last analysis, Morgenthau's proposal to scrap tax exemption on those bonds therefore becomes a device not to tax the greedy rich but to add to the burdens of the little taxpayers in every town, village and hamlet in the land.

But there are other implications far more serious than mere additions to local tax bills, for if the Administration wins this battle for supreme power of the Federal Government to tax the States it will have won probably the decisive battle of a long and unremitting political war to deprive our 48 sovereign States of home rule and States' rights. Is that conclusion farfetched? Let us see.

The Washington bureaucracy fears a people's referendum on a Constitutional amendment to reach this particular goal; so it wants to try the legislative route complemented by Supreme Court validation to write new fundamental law to make central government immensely more powerful and State government practically impotent. With taxing power over the States in its hands, central government could obtain the power to control if not to destroy State Government. Slowly but inexorably such power could be exerted against financial independence in local and State governments until finally a central government's purse strings could be used to strangle every phase of local governmental independence and home rule.

Ed. Note: The above comments are taken from an editorial written for the "Bergen Evening Record," of Hackensack, N. J., by John Borg, publisher.)

Chicago Comptroller Sees Increased Financing Costs

Removal of tax exemption from municipal securities would add between 0.75 and 1% to interest rates on future city of Chicago bond issues, Robert H. Upham, City Comptroller, said last week in the first estimate by a local fiscal official of the probable effect of the tax proposal now before the House Ways and Means Committee.

This cost, Mr. Upham declared, "naturally would have to be absorbed by an additional burden on local taxes."

Mr. Upham indicated that while he thought this hardly is the proper time to criticize the Federal Government, he is in accord with the position of the Conference of Mayors which has expressed opposition to attempts to remove the tax exemption status of municipal obligations.

At its recent meeting the Conference of Mayors adopted a resolution which said in part that "a tax on future issues of State and municipal bonds would raise practically no revenues whatsoever at this time and yet substantially would increase the cost of municipal borrowing."

Optional Clauses in Bond Bids

That mounting numbers of municipal officials are becoming exercised over the possibility of Federal taxation has been evidenced recently in the bond offering notices. Many of these solicitations for bids contain the following or a similar clause:

In the event that prior to the delivery of the notes the income received by private holders from notes of the same type and character shall be taxable by the terms of any Federal income tax law, the successful bidder may, at his election, be relieved of his obligations under the contract to purchase the notes, and in such case the deposit accompanying his bid will be returned.

Cochran Bill Under Consideration

The House Rules Committee last Friday took under consideration the proposal to exempt contractors who are holding war orders from payment of State taxes, known as the "Cochran Bill." This measure had been favorably reported out of the House Ways and Means Committee but aggressive opposition developed subsequently on the ground that its enactment would result in greatly reduced State revenues.

N. Y. State Notes Sold

State Comptroller O'Leary sold $100,000,000 short-term notes by allotment Monday to 91 banks and bond houses. They are said to have met strong demand from institutional investors, most of them going directly into bank portfolios. Proceeds of the sale will be used for general New York State purposes and payment will be made from tax receipts due in the near future.

It became all too apparent that the banking community was none too pleased at the State entering the market on tax payment day, feeling that the Comptroller should have postponed the sale a few days. Although demand for the notes was good, many New York banks had their funds cut down considerably because of the last day tax payment pressure.

FLORIDA

FLORIDA
MUNICIPAL BONDS

Our long experience in handling Florida issues gives us a comprehensive background of familiarity with these municipal bonds. We will be glad to answer any inquiry regarding them at no obligation.

INVESTMENT SECURITIES
R. E. CRUMMER & COMPANY
1ST NAT BANK BLDG CHICAGO ILLINOIS

Detroit Schedules Refunding Sale

The city of Detroit will sell $16,758,000 of general obligation refunding bonds March 31, it was learned late last week, following action of the common council and the finance committee authorizing the City Comptroller to advertise for bids.

This financing operation will supersede earlier plans to sell nearly $29,000,000 of refunding bonds. The refunding has been under consideration for several months, having been delayed by market uncertainties and certain technicalities in recent State legislation relative to advertising for bids.

The issue will mature 1943 to 1963. The bulk of the bonds will mature in the last 10 years. Widespread interest is expected in the sale because it is one of the few issues of any size now on the municipal calendar.

Iowa Counties Schedule Road Bond Sales

As noted in our issue of March 16, page 1066, primary road refunding bond sales totaling $3,811,000, are scheduled by 10 Iowa counties between March 25 and 31. The smallest issue is $326,000, the largest $425,000, and it is expected that bidding by Chicago and Iowa bond houses will be gratifying to county officials. These bonds represent very good purchases since their security coverage is highly satisfactory.

Major Sales Scheduled

March 25th

$1,861,000 Seattle, Wash.

Syndicate headed by the Bancamerica-Blair Corp. obtained the award of the bonds offered in September, 1938, purchasing the issue privately.

March 26th

$901,000 Cleveland, Ohio

Last July this city awarded a larger issue to a syndicate headed by the First National Bank of Chicago. Runner-up in the bidding was Lehman Bros. of New York, and associates.

March 30th

$1,275,000 Camden, N. J.

Syndicate headed by Stroud & Co. of Philadelphia obtained the award of the bonds offered last November, beating out Campbell, Phelps & Co. of New York, and associates, and several other bidders.

March 31st

$16,758,000 Detroit, Mich.

The city awarded a huge issue last May to a syndicate headed by the Chase National Bank of New York, whose bid topped that entered by the Bankers Trust Co. of New York, and associates.

$3,000,000 South Carolina (State of)

In December the State awarded similar long-term certificates to a syndicate headed by Lehman Bros. of New York. Second highest bid was submitted by John Nuveen & Co. of Chicago, and associates.

Bond Tax Proposal Viewed As Threat

(Continued From First Page)

Washington an all powerful central government that knows no limit in its control over State and local affairs.

Recently, the House Ways and Means Committee voted against a proposal to have the Federal Government pay out $300,000,000 in unemployment compensation to workers temporarily out of work because of factory shut downs incident to changing over to war production. This proposal was turned down because it was recognized as a device whereby the National Government could take over one more field of local government—the field of unemployment compensation. We all should have noticed other recent, more direct efforts to Federalize the Ohio Bureau of Unemployment Compensation. Similar efforts were made in other States, but opposition has properly developed to such moves.

We have already heard something, and we shall hear and see more in the near future, of an enlarged program of "Social Security." Two billion dollars additional taxes have been requested as a part of this program. But an insidious part of the program, about which we have not yet been told, is an effort to include in this "Social Security," in the program of employees' retirement and old age pensions, all the employees of the States, cities, schools and counties. In Ohio, we have for many years had an excellent retirement system for public school teachers. We have similar systems for all other public school employees, and for other public employees of the State and of its many cities and counties. Finally, many cities have their own retirement and pension systems for firemen, policemen and other municipal employees. But according to the plans of certain energetic individuals in Washington these retirement and pension systems will in the future not be operated in Cincinnati, Columbus, Greenville, Piqua or Akron by duly elected representatives of the school teachers, of the firemen, of the policemen. Rather are they to be operated by bureaucrats in Washington.

You ask, and many others have asked, with amazement, does the National Administration expect to levy social security taxes on employees of the State of Ohio, and of Cincinnati, and also upon the State of Ohio itself and upon Cincinnati itself, as employers' contributions, just as social security taxes are now levied upon both private employees and private employers?

If these individuals in Washington secure the "right" to tax the very means whereby State and local governments perform their essential services, what is to prevent their securing the "right" to tax the States and the local governments themselves? What is to prevent the next step, after taxation, of the regulation of the issuance of State and municipal bonds? What is to prevent another and a more insistent—and perhaps this time a more successful—effort of the Securities and Exchange Commission to place under its jurisdiction the issuance of State and municipal bonds—as it now controls practically all private financing?

Why is this group of Centralists in Washington unwilling to submit the question of taxing State and municipal bonds, to the people in the form of a Constitutional amendment? They fully realize that if they can secure such taxation by a mere Congressional statute, they will have established the theory of the supreme taxing power of the Central Government over the States and their local subdivisions. Having established such power by statutory methods, what is to prevent their securing, again by statute, the "right" to tax the income that cities are now receiving from their water works plants, their electric light plants, or from any other utility? The statement that a Constitutional amendment would not be approved does not suffice in a democracy.

One need not be afraid, because America is at war, to criticize what he sincererly believes to be efforts to destroy that which for generations he has felt was America itself—a nation of States united for their mutual benefit, who have given to the National Government certain spheres of government, but who reserved to themselves certain other spheres that are not to be attacked by National Administration. This nation has prospered, and it has been the Land of the Free and the Home of the Brave because we have kept free from national bureaucracy and have kept the Government of our citizens as close to those citizens as possible, in the form of home rule by States and local governments. While many of our citizens are giving their all to protect our freedom and our form of government from outside forces, we who stay at home have a duty to protect that freedom, and that home rule from inside forces. Therefore, one need have no hesitation to contact his elected representaives in Washington in an effort to protect and save that freedom. We owe this much not only to ourselves and to posterity, but also to those who are fighting our battles at the front in foreign lands.

"The Power to Tax is the Power to Destroy"—now just as it was in the past century. And one cannot help but wonder if certain people are not set upon destroying local goverment as we have known it.

Bond Club Of Denver Bowling League Returns

DENVER, COLO.—The Bowling League of the Bond Club of Denver announces the scores for the seventh week of the meets:

	Won	Lost	Pct.
Roystones	18	3	.857
Odd-Lots	15	6	.714
Municipals	10	11	.476
Preferreds	9	12	.429
Over-the-Counters	9	12	.429
Corporates	8	13	.381
Investment Trusts	8	13	.381
Dividends	7	14	.333

The Roystones are captained by Leon Macart, Municipals by Norman Godbe of Geo W. Vallery & Co., Odd-Lots, by Jerry Ryan Peters, Writer & Christensen; Preferreds by Hal Myers, Corporates by Bernard Kennedy, Bosworth, Chanute, Loughridge & Co., Over-the-Counter by Ernest Schlenzig, Investment Trusts by Chan Lilly, and Dividends by Smith.

High team series is held by the Odd-Lots; high team game by the Municipals; high individual series by Ernie Stone with a score of 587; high individual game by Chan Lilly with a score of 237.

McCloud RR. Interesting

A detailed analysis of the McCloud River Railroad Company has been prepared for distribution by Hixon, Stewart & King, 120 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange. The analysis contains a brief history of the road, and type of business carried, capitalization, comparative dividend figures, labor situation, which the memorandum states is good, ratio of operating expenses to operating revenues, market and condensed balance sheet. "We believe," Hixon, Stewart & King says, "the road should continue to earn well on its present basis, due to the continued demand for lumber for defense and more so after the duration when reconstruction is in full swing." Copies of the analysis may be had from the firm upon request.

Your Life Insurance in Wartime

IN TIME OF WAR, the security underlying your life insurance takes on a new meaning. More than ever before, security for the family is paramount.

While supporting that security, your life insurance dollars, invested in Government Bonds, are helping to buy planes, tanks, ships, guns, and all the other implements of war. Thus your life insurance dollars are helping to safeguard American lives and liberties.

At the end of 1941, Metropolitan had a total of $1,214,931,424.25 invested in United States Government Bonds . . . about 22% of the Company's assets. In addition, $104,982,562.49 was invested in Canadian Government Bonds.

In both the United States and Canada, life insurance dollars are helping to finance your defense housing, transportation facilities, the production of power, and the industries which are pouring out the steel, chemicals, oil, food, munitions, and other materials needed for the war. Each month more and more of your life insurance dollars are flowing from the channels of peace into investments that serve war uses and war industries.

Because of public appreciation of life insurance, increased efficiency of our agents, and the better national income during 1941, lapses and surrenders were at the lowest rate recorded in the Company's history.

In fulfilling its obligations to policyholders during 1941, Metropolitan paid or credited to policyholders and their beneficiaries more than $567,900,000. Of this amount, more than $383,700,000 was paid or credited to *living* policyholders.

Metropolitan is a mutual company. Its assets are held for the benefit of its policyholders and their beneficiaries. In the meantime, these assets are, as always in the past, being used to help meet national needs.

BUSINESS REPORT FOR THE YEAR ENDING DECEMBER 31, 1941

(In accordance with the Annual Statement filed with each State Insurance Department.)

OBLIGATIONS TO POLICYHOLDERS, BENEFICIARIES, AND OTHERS

Policy Reserves Required by Law . . . . This amount, together with future premiums and interest, is required to assure payment of all future policy benefits.	$4,909,535,985.79
Dividends to Policyholders . . . . Set aside for payment in 1942 to those policyholders eligible to receive them.	109,974,302.00
Funds for Future Payment Under Supplementary Contracts . . . . Policy proceeds from death claims, matured endowments and other payments which beneficiaries and policyholders have left with the Company to be paid out to them in future years.	166,485,627.70
Dividends Left with the Company . . . . Amounts of dividends, and interest thereon, left on deposit with the Company.	26,574,405.52
Policy Claims Currently Outstanding . . . . . . Amount of claims in process of settlement, and estimated amount of claims that have occurred but have not yet been reported to the Company.	24,247,909.86
Other Policy Obligations . . . . Including premiums paid in advance, etc.	18,218,374.00
Taxes Due or Accrued . . . . Includes estimated amount of taxes payable in 1942 on the business of 1941.	12,914,533.00
Reserve for Mortgage Loans . . . . To provide against possible depreciation in value of such loans.	11,000,000.00
Miscellaneous Liabilities . . . . Other liabilities not included above.	21,011,915.49
TOTAL OBLIGATIONS	$5,299,963,053.36

ASSETS WHICH ASSURE FULFILLMENT OF OBLIGATIONS

National Government Securities		$1,319,913,986.74
U. S. Government	$1,214,931,424.25	
Canadian Government . . .	104,982,562.49	
Other Bonds		2,091,311,142.34
U. S. State and Municipal . .	92,949,983.75	
Canadian Provincial and Municipal	102,808,619.82	
Railroad	554,581,646.59	
Public Utilities	801,409,204.15	
Industrial and Miscellaneous	539,561,688.03	
Stocks . . . . All but $128,323.00 are Preferred or Guaranteed.		82,191,836.00
First Mortgage Loans on Real Estate		955,324,104.05
Farms	88,382,977.02	
Other Property	866,941,127.03	
Loans on Policies . . . . Made to policyholders on the security of their policies.		486,834,916.35
Real Estate Owned . . . . Includes Housing Projects, and real estate for Company use.		407,190,758.93
Cash		152,218,269.31
Premiums . . . . Included in determining Policy Reserves, but not yet received.		92,276,856.92
Interest and Rents Due and Accrued, etc.		60,785,325.43
TOTAL ASSETS TO MEET OBLIGATIONS		$5,648,047,196.07

SURPLUS FUNDS $348,084,142.71

The Company holds total assets which exceed the total of its obligations by $348,084,142.71, for the purpose of giving added assurance that all benefits to policyholders and beneficiaries will be paid in full as they fall due. This amount is composed of

Special Surplus Funds . . $7,190,000.00 **Unassigned Funds (Surplus) . . $340,894,142.71**

and serves as a cushion against possible unfavorable experience, whether due to economic conditions or unexpected claims.

NOTE—Assets carried at $256,949,853.57 in the above statement are deposited with various public officials under requirements of law or regulatory authority. Canadian business embraced in this statement is reported on basis of par of exchange.

Metropolitan Life Insurance Company

(*A MUTUAL COMPANY*)

Frederick H. Ecker, CHAIRMAN OF THE BOARD *Leroy A. Lincoln*, PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.

METROPOLITAN LIFE INSURANCE CO,
1 Madison Avenue, New York, N. Y.

Gentlemen:

Please send me a copy of your annual report to policyholders: "Your Life Insurance in Wartime."

*Name*____________________

*Street and Number*________________

*City*________________ *State*________

General Machinery Co.
Hooker Electro-Chemical Corp.
Metal & Thermit Corp.
Nicholson File Co.

Complete Statistical Information Upon Request

J. ARTHUR WARNER & CO.
120 BROADWAY, NEW YORK
Tel. COrtlandt 7-9400 Bell System Tel. NY 1-1950

The Securities Salesman's Corner

USING SIMPLICITY AND FRANKNESS IN WRITING SECURITY ANALYSES

Several weeks ago we became tired of writing the usual sort of security analysis that almost everyone in Wall Street has been using for years. You know the kind—long, tediously exact in its statistical pomposity, filled with hedge clauses and about as interesting as a dried herring. So we tried something different for a change—**and it worked.** Here it is!

We sent out a mailing on an attractive card. This card was one-half letterhead size and read as follows:

(Name of Stock)

Current market price about $3.00

Standard Statistics reports 1941 earnings should exceed $4.00 per share.

Company has millions in war orders. Good peace time outlook.

Detailed analysis will be **mailed** on request.

(Firm Name)

The replies were over 6%. This certainly shows that people are still interested in buying securities despite all that anyone can say to the contrary.

Then we came to the analysis. In the upper left hand corner we stated, This analysis has been prepared at the special request of Mr. John Doe, date_________. Next we wrote a foreword like this:

> Preface: This stock is a speculation, if you can't risk a possible loss, we don't think you should buy it. We think that a good speculation, however, is oftentimes better than a poor investment. It is our opinion that this is one of those cases. When you read the following reasons we are presenting for the purchase of this stock, remember, we are human, we are not infallible. We have been as careful as possible in checking up on the accuracy of the statements we have made, but we can guarantee nothing—especially when it comes to opinions in times like these. Now we will tell you why we like ________________________ common stock.

Next we asked ourselves what were the most interesting aspects of this company's present position. When we discovered that there were about seven questions that we could answer very favorably we set those questions down and we answered them as frankly as possible. They consisted of the following:

What is the outlook for this company under wartime conditions?

How about the labor situation?

What is the outlook for taxation as it might effect this company's future earnings?

How strong is their management?

What sort of market action might be expected of this stock?

What is their financial condition?

How near are dividends?

These questions were placed in the center of the page. Then as briefly and as simply as possible we gave our answers. As an example, on the question of the labor situation, we said: "If anyone can tell us where and when the next strike is going to hit in these days and times, we believe he is either a professional labor leader or a Houdini. We profess to be neither. Nevertheless, this company's record on harmonious employee relations has been exceptionally good, etc., etc.

Complicated statistics, balance sheets, income accounts, figures and folderol were left out. We wrote the thing the way we would have talked to a friend. When we came to the end (and the complete report filled three long sheets of analytical paper) we put in this clincher.

Conclusions:

We have done our best to give you a sound basis for the purchase of this stock but we say again, if you buy it you do so at your own risk and we assume no responsibility whatsoever. Nevertheless we like it as a speculation. We feel sure that you realize that it costs money to run a business, to issue reports such as this, and to conduct the necessary research which makes such a report worthwhile. For this reason, we hope that should you decide to purchase some of this stock that you will allow us to execute the order.

Yours very truly,
. . . . Blank & Co.

The results of this mailing were so good we hesitate to pass them along—just in case someone might think we were exaggerating. When you can open new accounts by mail in times like these, however, don't you think that you too might consider trying it?

Investment Trusts

(Continued from Page 1135)

of its $624,000,000 long-term dollar debt in the 1935-1940 period. Impressive though such examples may be, nevertheless, both official and unofficial repatriation by private and governmental purchases may now be expected in increased volume."

It is not surprising that under these circumstances Latin-American bonds have been steadily rising regardless of the rest of the market and that American investors are becoming interested in Latin-American issues. Nor is it surprising that the average investor feels at a loss when it comes to picking specific issues in which to invest. It is just here, as always, that the mutual investment fund serves its purpose—selecting and maintaining a properly diversified portfolio. The chief difference between this situation and the ordinary one is that, where Latin-American securities are concerned the investor knows that he is not in a position to do his own selecting, whereas with most securities the investor seems to think that he does know what to pick.

THE BOND SELECTOR

SOME ATTRACTIVE JUNIOR RAIL BONDS

Selected Issues of Illinois Central Warrant Special Attention

Last week we pointed out that the bond market offered very little for the individual investor to choose in the investment groups ranging between Government bonds on the one hand and the obviously speculative group on the other; since prime corporates were selling to yield little more than Governments, the difference in yields were hardly worth the risk. At the same time, it was pointed out that junior railroad bonds probably offered as good a bet for longer term holding as did the Government category.

Since the proposed new taxes will reduce earnings on common stocks far below the 1941 level and force a reduction in dividends in most of the better known equities, more and more attention should be and will be given to railroad bonds. The better quality rail issues, of course, offer little in the way of yield or price enhancement possibilities, but the junior bonds, if chosen selectively, should reward the holder as earnings continue to increase and finances to improve.

Illinois Central falls in this category since its earnings have registered a sharp increase, its financial position has been strengthened and its entire outlook is for relatively large profits so long as the war lasts. Net income in 1941 of $10,557,000 was the largest since 1929 and came within $3,000,000 of equaling that year's level. Lest it be thought that Illinois Central is among the more ragged roads, it should be pointed out that fixed charges have been earned regularly since 1936, this record being considerably better than those of many of the so-called marginal roads.

The road's financial position improved substantially in 1941, current assets having increased $18,000,000 to a total of $46,337,000, while cash items of $21,382,000 were up more than $8,000,000. The first maturity of any consequence before 1951 is $37,000,000 of RFC notes which become due at the end of May, 1944.

Traffic of Illinois Central is well diversified, and consequently the road is not dependent on any one or two principal freight items. Such agricultural commodities as corn, wheat, flour, cotton and fruits and vegetables should continue to be important contributors to earnings, particularly in view of prospective higher levels of farm income. Other important freight classifications include soft coal, lumber, iron and steel, building products, petroleum and paper, and these all are expected to be carried in large volume while the war continues. The increasing number of defense and military areas covered by the system will tend to intensify movement of items produced in or needed by these plants and cantonments.

The following tabulation shows the earnings picture since 1937:

Year	Gross Revenues	Net Income	Fixed Charges Times Earned	Earned per Share Preferred	Earned per Share Common
1941	$142,438,000	$10,557,000	1.65	$56.65	$6.95
1940	114,266,000	1,297,000	1.08	6.95	0.13
1939	111,371,000	2,336,000	1.14	12.53	0.93
1938	105,416,000	1,223,000	1.07	6.56	0.08
1937	114,016,000	1,960,000	1.12	8.41	0.62

Revenues increased 32% in January, 1942, the gain bettering by a wide margin the average for Class I roads, and although higher wages and a 71% advance in tax accruals tended to prevent much of a carrythrough, fixed charge coverage did succeed in increasing somewhat from 1.67 to 1.75. In February, traffic was up 24%, and from here on the increased freight rates should just about offset the additional wages which are estimated to amount to approximately $7,000,000 annually. According to Standard & Poor's, if it be assumed that freight receipts rise 15% over 1941, the rate increases recently granted will produce about $7,500,000 on an annual basis. Although increased normal taxes will naturally reduce net income, it is probable that the road will not be liable for Excess Profits Taxes, and it is entirely possible that net in 1942 may approach the 1926 record of $17,150,000.

While it is not argued that junior rail issues should be held as investments, the benefits now accruing to the rails become cumulative so long as traffic continues on the upgrade. This cumulative effect not only shows up in earnings protection for the secondary liens, but improves the financial position, hastens retirement of RFC debt and offers increasing likelihood of debt reduction through market purchases. Among the more attractive Illinois Central issues are the following:

	Approximate Mkt. Price	% Return	1942 Range
4s, 1953	45	8.9%	45⅞-39½
Purch. Lines 1st 3½s, 1952	42	8.3	43½-38⅜
Refunding 4s, 1955	45½	8.8	45⅞-39¾
Refunding 5s, 1955	54	9.3	54⅝-48⅛
Coll. trust 4s, 1952	47¾	8.4	48⅜-42⅛
Louisville Div. & Term. 1st 3½s, 1953	56	6.2	56¾-53
Chic., St. L. & New Orleans jt. 1st ref. 5s, 1963	48½	10.3	48¾-40¾
Joint 1st ref. 4½s, 1963	43⅞	10.2	44¼-37½

Our Reporter's

(Continued from first page)

dent from the experience of one large Iowa dealer, interviewed by a representative of his New York correspondent firm on a swing through the Middle West.

This dealer revealed that, located as he is in the farm belt, he had received more inquiries in recent months than he had at any time in the previous 10 years.

Presumably people in the farm areas, feeling the impact of more money as a consequence of war demand and benefit payments, are looking around for places to invest such funds.

Dealers Made Money

The banker who made the swing, came back convinced that the firms who seek out the smaller banks and investors are the ones who will really be performing the worthwhile service from a national standpoint in present circumstances, and at the same time gauging the situation correctly for themselves.

He found that the smaller dealers around the country, those who reach the moderate-sized investors, made money last year, and came back convinced that the larger firms should get down off their horses and prepare to go to work.

The first step in that direction, he argued was to undertake the task of so arranging facilities that the old job of informing investors could be undertaken anew.

Competition?

Bidding for the much discussed $3,850,000 issue of first mortgage 25-year bonds of the Louisville Transmission Corporation really turned out to be "no contest" when the two tenders submitted were opened on Tuesday.

Because of controversy over the set-up offered to the Reconstruction Finance Corporation, contrasted with that proposed to underwriters, several prospective syndicates withdrew from the race early.

One private banking group submitted a bid of 100.07 for the bonds as 3⅝s. But when the bid of the Northwestern Mutual Life Insurance Company, the only other bidder, was opened it offered the company par for the issue carrying a 3⅛% coupon.

Worked out to a comparable basis, the insurance firm's bid was 8 points better than that of the banking group, setting a spread seldom equalled in the business.

First Effort By Company

The decision of Northwestern Mutual to participate in the competition for the Louisville issue, marked its first excursion into the field of direct competition. The banking group against which it bid consisted largely of firms in the Louisville area.

Some months ago the banking world was rendered apprehensive by the vigorous competition then being encountered from the big eastern insurance companies.

But a series of conferences among interested parties cleared the air, and heads of several of the major insurance firms made it plain that such competition was not the regular order.

Wall St. Anchor Club To Hold Communion Mass

The Wall Street Branch of the Anchor Club of America will hold its ninth annual communion mass at St. Peter's Church, Barclay Street, New York City, at 9 a.m. on Sunday, March 22, 1942. Mass will be celebrated by His Excellency, the most Reverend J. Francis A. McIntyre, Auxiliary Bishop of New York. Breakfast will be held following the Mass at the downtown Athletic Club at 10 a.m., at which Vicar Delegate Right Reverend Msgr. Francis W. Walsh, LL.D., will deliver an interesting address.

Officers of the Anchor Club are: Joseph E. Redpath, Content, Hano & Co., Chairman; Joseph A. Costa, L. R. Rothschild & Co., President; Edward J. Cohan, Pershing & Co., Vice-Chairman.

Members of the Ticket Committee are: James Stephens at Carlisle & Jacquelin; James G. Cunningham at Laidlaw & Co.; Ambrose Verlin at Lehman Bros.; and Harry Engeman at Pershing & Co.

Prudential 6s Attractive

An attractive booklet has just been issued by Reichart & Company, Inc., 165 Broadway, New York City, entitled "Spring Campaign," discussing the current situation in Prudential 6% Convertible Debenture Bonds. These bonds are particularly interesting, according to the booklet, because of a growing degree of security from the increase in net income before taxes, the rate of which increase was almost doubled for the year ending Nov. 30, 1941, and because of their convertibility. Tables showing growth of the company's business, record of interest, and growth of earned surplus are also included. Copies of the booklet may be obtained from Reichart & Co., Inc. upon request.

NEW YORK LIFE INSURANCE COMPANY

97th Annual Statement to its Policyholders

☆

The year 1942 finds this country in the throes of a war economy. All of the country's resources, all of its man power must be devoted primarily to the winning of the war if we are to preserve our institutions, our freedom, our independence. How does this obligation, which rests upon every one of us, affect a life insurance company and the responsibilities of management?

A year ago we said in our annual report: "The management of a life insurance company has a primary responsibility to its policyholders to invest the funds of the company and to conduct its affairs so that the company will be able promptly to meet all its contractual obligations to policyholders and beneficiaries when they fall due." And we added: "The discharge of that responsibility carries with it a great opportunity for service to the public at large."

War, particularly so devastating and extensive a war as the present one, does not lessen in the slightest either this responsibility to protect the policyholders or the opportunity for service. On the contrary, because of the uncertainties and hazards—economic, social and individual—which are inevitably incident to such a war, these responsibilities and these opportunities are greater, not less.

The Company has lived through four wars in which the United States was involved—the Mexican War, the War Between the States, the Spanish-American War and the First World War. During each of these conflicts the Company continued to grow in usefulness and service, both to the policyholders and to the country. It safeguarded its assets, it met its obligations, and at the same time, when needed, it aided in the financing of those wars. We must do no less today.

Early in December, following the declaration of war, the Directors of the Company considered the Company's course of action in the light of war conditions. The course then determined was, we believe, a conservative one. The reserves against the Company's contractual obligations were further strengthened, its real estate and mortgage loan assets were reappraised on a strict basis, and the funds held for general contingencies were substantially increased. As a result, a smaller amount of divisible surplus was available for the payment of dividends for the year 1942.

This action has added materially to the fundamental strength of the Company and to the long-range protection of the policyholders themselves. This is important now that our country is engaged in a war which carries with it inevitable economic strains and future adjustments.

The Statement of Condition of the Company which accompanies this report continues to reflect great strength.

The year 1942 is a year for action, not words. In these circumstances this report is made as brief as possible.

A more complete report as of December 31, 1941, containing additional statistical and other information of interest about the Company, will be sent upon request. A list of the bonds and the guaranteed and preferred stocks owned by the Company is also available. These booklets may be obtained by writing to the New York Life Insurance Company, 51 Madison Avenue, New York, N. Y.

George L. Harrison
President

STATEMENT OF CONDITION

December 31, 1941

ASSETS

Cash on hand or in banks		$82,498,832.50
Bonds:		
United States Government, direct or fully guaranteed	$887,761,424.30	
State, County and Municipal	250,425,293.23	1,966,475,936.01
Railroad	286,393,685.45	
Public Utility	359,479,018.79	
Industrial and Other	94,844,117.27	
Canadian	87,572,396.97	
Stocks, preferred and guaranteed		83,492,753.00
First Mortgages on Real Estate		416,284,810.77
Policy Loans and Premium Notes		285,694,325.87
Real Estate:		
Home Office	$14,192,000.00	92,918,884.92
Other Properties	78,726,884.92	
Interest and Rents due and accrued		27,859,040.64
Premiums not yet received but used in the computation of policy reserves		31,748,518.50
Other Assets		295,629.84
		$2,987,268,732.05

Of the Securities listed in the above statement, Securities valued at $44,350,359.18 are deposited with Government or State authorities as required by law.

LIABILITIES

Reserve for Insurance and Annuity Contracts	$2,407,683,152.00
Present value of amounts not yet due on Supplementary Contracts	187,483,779.16
Policy Claims in process of settlement, or incurred but not yet reported	10,831,350.90
Dividends left with the Company	130,310,435.99
Premiums, Interest and Rents paid in advance	13,625,731.88
Reserved for other Insurance Liabilities	5,584,893.45
Dividends payable during 1942	30,583,660.00
Reserve for fluctuations of Foreign Currencies*	3,500,000.00
Miscellaneous Liabilities	9,726,525.78
Total Liabilities	$2,799,329,529.16
Surplus Funds held for general contingencies	187,939,202.89
	$2,987,268,732.05

*This reserve is held chiefly against the difference between Canadian currency Assets and Liabilities which are carried at par.

The New York Life Insurance Company has always been a mutual company. It started business on April 12, 1845 and is incorporated under the laws of the State of New York. The Statement of Condition shown above is in accordance with the Annual Statement filed with the Superintendent of Insurance of the State of New York.

Established 1856

H. Hentz & Co.

Members
New York Stock Exchange
New York Curb Exchange
New York Cotton Exchange
Commodity Exchange, Inc.
Chicago Board of Trade
New Orleans Cotton Exchange
And other Exchanges

N. Y. Cotton Exchange Bldg.
NEW YORK

BOSTON CHICAGO DETROIT
PITTSBURGH
GENEVA, SWITZERLAND

LAMBORN & CO.
99 WALL STREET
NEW YORK CITY

SUGAR
Exports—Imports—Futures

DIgby 4-2727

Tomorrow's Markets Walter Whyte Says—

(Continued from Page 1133)

clines. They are frequently the last.

* * *

So far as the "oversold" theory is concerned all you have to do is ask yourself "oversold by who?" In the days when markets had hair on their chests enterprising shorts took positions and out of such positions oversold conditions did occur and rallies came almost on schedule. But if anybody takes a short position today he's scared to death the SEC will call him up to answer a lot of questions. And besides with all the money a short seller has to put up, where is the percentage?

* * *

So having told you that there is nothing in the immediate market picture to justify any real market rally I'll promptly proceed to add to your confusion by saying that signs of some kind of a turn are present. What these signs are I won't say, assuming that I could describe them, but here and there stocks manage to poke up against averages that are making new lows. If the little lift doesn't carry too far and if the subsequent retrace (downside) holds above last week's lows the basis for a rally will have been laid. I know I gave you a lot of "if's" but the whole market, the whole picture, national and international, consists of nothing but if's.

* * *

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

January New Financing Mostly Defense Bonds

The Securities and Exchange Commission announced on Mar. 14 that the volume of new financing in the United States by all issuers of securities for the month of January amounted to $1,345,000,000, including U. S. Defense Bonds to the extent of $1,061,000,000 Although the month's total of all offerings represented a decline from the amount of offerings in December, 1941, which aggregated $2,319,000,000, it is higher than the monthly average of $1,042,000,000 for the year 1941. The Commission states that the survey, which was prepared by the Research and Statistics Subdivision of the Trading and Exchange Division, covers all new corporate and non-corporate issues offered for cash that are reported in the financial press, with the exception of issues under $100,000 in amount and, in the case of debt issues, of a maturity of less than one year.

The Commission's announcement further says:

> Offerings for cash by the Government (excluding Treasury bills and Tax Series Notes) were restricted to sales of Defense Bonds, with receipts reaching the highest level of any month since offerings of these bonds have been made. Corporate security offerings increased to $164,000,000, the largest amount since October, but were below the average of $210,000,000 for the year 1941. State and municipal offerings also increased, with offerings of $118,000,000 being the largest total in 10 months.
>
> Two-thirds of total corporate offerings were issues of utility companies, which amounted to $109,000,000. One issue accounted for $81,400,000 of gross proceeds—the Alabama Power Co. 3½% first mortgage bonds, due 1972. Flotations of industrial companies accounted for $44,000,000 during the month. Railroad and other miscellaneous issues declined to $11,000,000. Approximately 94% of corporate securities were offerings registered under the Securities Act of 1933. The amount of registered securities offered for cash was $154,000,000, the highest figure since last August. Corporate securities privately placed amounted to $275,000, according to the preliminary reports available. This represents the smallest amount of corporate private placements in any month since October, 1934, with the exception of one monthly period.
>
> Of estimated net proceeds raised from new corporate flotations in January, $89,000,000, or 55%, was intended for repayment of indebtedness, chiefly accounted for by the Alabama Power Co. refunding issue. "New money" purposes —additions to plant and equipment and working capital—were expected to absorb 44% of net proceeds, or $71,000,000. Industrial, railroad and miscellaneous other flotations were almost exclusively new capital issues.

Senate Raises Debt Limit To $130 Billion

The Senate on March 17 by a voice vote passed and sent back to the House a bill increasing the Federal debt limit from $65,000,000,000 to $130,000,000,000. As passed by the House on March 10 the measure had a limitation of $125,000,000,000 (as was noted in our March 12 issue page 1044). The Senate adopted an amendment, recommended by its Finance Committee, adding $5,000,000,000 to the House limit so that the obligations of all Federal government guaranteed corporations would be included in the national debt limit. This amendment was sponsored by Senator Byrd (Dem., Va.) and Under Secretary of the Treasury Daniel Bell said the Treasury had no objection to it.

The House is expected to concur in the change.

In addition to increasing the debt limit to $130,000,000,000, the bill makes six changes in the Treasury's financing authority.

In testifying before the Senate Finance Committee on March 13 in behalf of the bill, Secretary of the Treasury Morgenthau predicted that the public debt would be $110,400,000,000 on June 30, 1943. He said the American people are dedicated to the task of winning the war, whatever the cost may be, and added that the country is strong enough to bear it. His testimony included the same prepared statement read to the House Ways and Means as was given in these columns, page 1045.

Holds Unpaid S.S. Tax Entitled To Priority

Claims by the Federal Government for unpaid taxes under the old-age section of the Social Security Act have priority when the assets of a bankrupt are divided, according to a ruling of the U. S. Supreme Court on Mar. 2. In its advices from Washington regarding the ruling, the New York "Times" stated:

> Justice Byrnes delivered the unanimous opinion in cases by the United States against the State of New York and affecting $3,053 in assets of the Independent Automobile Forwarding Co. of Buffalo which is in liquidation. The Federal Government laid claim for Social Security taxes, and the State for its unemployment insurance fund, but the available reserves were not sufficiently large to meet both demands.
>
> As its authority, the Supreme Court turned to the case of New York City against Feiring, in which the highest tribunal held that a city sales tax must have priority, being a tax claim and not a debt.
>
> "The New York City sales tax and the obligation imposed by the Social Security Act cannot be distinguished in any material respect," Justice Byrnes observed. "The claim of the United States against the estate of this bankrupt is entitled to the priority."
>
> Reversing the Second Circuit Court of Appeals, Justice Byrnes upheld the lower bench in rejecting a claim by New York State that only 10% of the Social Security claim was allowable.

Plead Guilty In Fraud

Fred Blaser, Ernest Ingalls, Isidore Koota, David Koota, Saul L. Rubin, George A. Liebman, Benjamin Rabinowitz, George T. Friedland, Ira R. Newell, Harry V. Blum and H. V. Blum & Co., Inc., pleaded guilty in the Federal Court for New York to charges of mail fraud in a case involving the alleged sale through false representations of $300,000 in stock in the National Printing Appliance Corporation, an organization to promote the manufacture and sale of compound for cleaning printing matrices. Sentencing was deferred to the end of the trial, as seven other persons and three corporations are to be tried on the same charges.

Decision was reserved by Judge Simon H. Rifkind on a Government motion to consolidate for the purposes of the trial two indictments which named the same defendants.

Interesting Situations

J Arthur Warner & Co., 120 Broadway, New York City, have prepared for distribution interesting statistical memoranda on General Machinery Co., Hooker Electro-Chemical Corp., Metal & Thermite Corp., and Nicholson File Co., copies of which may be had from them upon request.

UP-TOWN AFTER 3

MOVIES

Kid Glove Killer (MGM), with Van Heflin, Marsha Hunt, Lee Bowman and others. Directed by Fred Zinneman. . . . A pleasant enough mystery yarn that takes you back among the laboratories where criminologists perform involved chemical experiments, peer through microscopes and do other equally interesting things to catch the culprit. The young genius in this case is blonde Van Heflin who spends his time (when he's not scientific-ing) in either throwing darts or aiming mildly insulting remarks at his pretty young assistant (Marsha Hunt). Of course, even the elementary movie goer knows that such remarks are made merely to cover up Van Heflin's fondness for Miss Marsh. In any case Van Heflin is on the trail of the man who killed the Mayor. He pulls in politicians, radio commentators and a lot of other guys named Joe. But despite all the experiments not one of these turns out to be the murderer. Of course, no one except the audience suspects who the culprit is. But it can't talk and no one in the picture does, otherwise the whole thing would be over in the first 15 minutes and where would you go then? Just the same, "Kid Glove Killer" won't strain your credulity too much. The acting is capable and after all what more can one want? . . . If in your movie travels you run across such shorts as **"This Is Blitz"** and **"Churchill's Island,"** drop in and see them. These are actual war shots. There is no softness about them. They are cold, horrible in their realism and will do more to bring the war closer to you than all the fiery speeches. According to the caption more than 20 cameramen lost their lives in taking the scenes. After seeing the pictures you will agree that is no exaggeration.

RESTAURANTS

The Penthouse Club (30 Central Park So.) is more than a let-your-hair-down-night-club-kind of a place that previous articles appearing here may have led you to believe. Its food and its service can compare favorably with the best in the city, not to mention other advantages. An open fireplace, cheerful these cold nights. A splendid view of Central Park from its 16th floor penthouse, and Mr. and Mrs. Stone. Mr. Stone, in case you don't know, used to be one of the top dogs in the railroad business. In fact, he and the Erie used to be just like that. What ever turned him into a bistro boniface you'll have to find out for yourself. In any case that's what he is today. Mrs. Stone, while apparently not a "greeter" by nature does well enough by just being there and what with the AWVA uniform she cuts quite a picture. Of course, Mrs. Stone assures me that the uniform is more than just becoming. It is a symbol of a hard job done during the day when this reporter is either pounding his ear or this typewriter. I'm still curious, however, about that knapsacklike pocketbook that AWVA's wear slung over one shoulder. . . . If you don't like taking elevators to top of buildings suggest you try a new place, **Chateaubrand** (148 E. 56th). It is a pleasant place, owned and run by three brothers. One of the brothers (I wish I could remember his name) said that the place was a favorite with gourmets. That may be but I don't know any gourmets and those that claim they are seem to think that a couple of ooh's and a-ah's entitle them to that distinction. Me? I'm strictly a meat and pertaters guy.

MANHATTAN NOISES

That new band at the **Hotel New Yorker.** Woody Herman, keeps the place jumpin'. . . . Also boasts the best ice show in New York. . . . The things those kids can do on skates is amazing. . . . If you've never seen Latin-American dancing on skates and better than most can do it on foot drop in and see the **New Yorker Hotel's Ice Capades.** . . . **Ella Logan's** "My Bill" at the **Cotillion Room** always shivers up and down my back (hmmmm reading that back I wonder if anybody cares). That smooth velvet voiced effortless singing of **Maxine Sullivan** at the **Ruban Bleu** keeps listeners' palms sore . . . they applaud so much. . . . Also the guitarist singers, **Rasha** and **Mirko** at the **Ruban Bleu.** . . . The **Cafe Pierre**, which used to be the high spot is slowly but surely coming back. . . . **Betty Bryant** is one of the reasons and Bert Allerton with his bird trick is another. . . . Has a bird in a cage and presto! it disappears . . . cage and all. . . . At **Billingley's Stork** where **Bob Knight's** outfit plays for cocktails . . . smooth as satin . . . surprising at the number of newspaper names who seem to spend their waking hours either in the Cub (that's the Stork Club's baby) (come to think of it since when do Storks have cubs?) (or in the Stork Club proper. . . . And Sherman Billingsley going from table to table making hello noises. . . . Passed me right by in spite of fact that **Claire Piccard**, the blonde with hair down to her shoulders, whose picture hangs on the Cub room wall, was at the same table . . . tsk-tsk-tsk such is fame. . . . If you want to see some of your favorite radio people and how they look when they're putting on the feed-bag, drop in at the **Mayan Restaurant**, one of the Rockefeller City restaurants. All your illusions will go bang!

THEODORE'S
4 E. 56th ST. PLaza 3-6426
LUNCHEON $1.25
Superb DINNER $1.65
Excellent Hors D'Oeuvres & Desserts
Open SUNDAY AT 5:30 P. M.

* * *

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Adjoining The Plaza

A most unique restaurant in a beautiful location, overlooking Central Park to the north.

Serving best food, skilfully prepared.

Telephone PLaza 3-6910

ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 1941, OF

THE TEXAS COMPANY

AND SUBSIDIARY COMPANIES (Excluding European Subsidiaries)

STATEMENT OF CONSOLIDATED INCOME ACCOUNT

GROSS OPERATING INCOME:		
Net sales	$395,993,063.69	
Miscellaneous	9,350,580.12	$405,343,643.81
OPERATING CHARGES:		
Costs, operating, selling and general expenses (exclusive of depreciation and depletion)	$275,033,044.09	
*Taxes	15,866,541.34	
Amortization of drilling costs on producing wells, expenditures incurred on dry holes and unamortized drilling costs on wells abandoned during the year (The Company has since January 1, 1934, followed the policy of capitalizing drilling costs of producing wells, and amortizing such costs at the rate of 8% per annum except as to the costs of wells located in Illinois which are fully amortized as incurred.)	12,933,594.94	303,833,180.37
Balance		$101,510,463.44
NON-OPERATING INCOME (NET):		
Interest, dividend, patent and other income, less miscellaneous charges of $1,261,846.32		8,251,878.77
Balance		$109,762,342.21
INTEREST CHARGES:		
Interest and amortization of discount and expense on funded debt	$ 3,010,516.58	
Other interest charges	458,870.54	3,469,387.12
Balance		$106,292,955.09
DEDUCT:		
Depreciation and other amortization	$ 24,747,431.28	
Depletion and leases forfeited	6,645,857.47	31,393,288.75
Balance		$ 74,899,666.34
DEDUCT:		
Provision for additional reserve for possible loss on investments in non-subsidiary companies operating in foreign countries		7,000,000.00
Net profit before provision for Federal income and excess-profits taxes		$ 67,899,666.34
DEDUCT—Provision for Federal income and excess-profits taxes		15,830,000.00
Net profit for year 1941		$ 52,069,666.34
Profit applicable to minority interests in a subsidiary		194,985.05
Net profit carried to earned surplus account		$ 51,874,681.29

*In addition, state and federal gasoline and cil taxes were paid (or accrued) to taxing authorities in the amount of $120,564,117.50.

Reference is made to page 10 of the report to stockholders with respect to earnings of The Bahrein Petroleum Company Limited, and to page 20 relating to foreign investments and operations.

STATEMENT OF CONSOLIDATED EARNED SURPLUS ACCOUNT

EARNED SURPLUS, DECEMBER 31, 1940 (Including earned surplus of predecessor company)	$127,747,629.50
SURPLUS CREDITS:	
Adjustment of depreciation of a subsidiary for prior years	522,283.73
	$128,269,913.23
NET PROFIT FOR THE YEAR ENDED DECEMBER 31, 1941	51,874,681.29
	$180,144,594.52
DEDUCT—Dividends declared during 1941	27,189,500.00
EARNED SURPLUS, DECEMBER 31, 1941 (Including earned surplus of predecessor company)	$152,955,094.52

STATEMENT OF CONSOLIDATED CAPITAL SURPLUS ACCOUNT

CAPITAL SURPLUS, DECEMBER 31, 1940		$ 69,887,090.72
DEDUCT:		
Excess of cost of additional shares of a subsidiary acquired from minority interests during 1941 over their net book value at date of acquisition	$ 2,415.32	
Excess of cost over par value of 194 shares of capital stock of The Texas Company reacquired in 1941 and held in treasury	2,431.00	4,846.32
CAPITAL SURPLUS, DECEMBER 31, 1941		$ 69,882,244.40

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1941

ASSETS

CURRENT ASSETS:		
Cash in banks, in transit and on hand—		
In United States	$ 68,955,664.95	
In foreign countries	3,424,683.94	$ 72,380,348.89
Notes and accounts receivable—		
Notes receivable	$ 465,828.31	
Accounts receivable	41,040,680.31	
	$ 41,506,508.62	
Less—Reserve for bad debts	650,000.00	40,856,508.62
Inventories—		
Crude and refined oil products and merchandise, at cost determined on the first-in, first-out method (after elimination of intercompany and interdepartmental profits) which in the aggregate was lower than market	$ 87,034,408.45	
Materials and supplies, at cost	11,905,261.78	98,939,670.23
Total current assets		$212,176,527.74
LONG-TERM RECEIVABLES (Including $225,993.70 employes' stock purchase accounts)—less reserve of $250,000.00		1,640,851.41
INVESTMENTS IN AND ADVANCES TO COMPANIES OPERATING IN FOREIGN COUNTRIES (See notes on page 20):		
European subsidiaries not consolidated (less reserve of $5,300,000.00)	$ 9,811,401.81	
Companies which are not subsidiaries—at cost, $93,358,684.54 (Of which $63,797,546.04 applies to 50%-owned companies), less reserve of $28,000,000.00	65,358,684.54	75,170,086.35
INVESTMENTS IN AND ADVANCES TO COMPANIES OPERATING IN THE UNITED STATES, WHICH ARE NOT SUBSIDIARIES—AT COST (Of which $7,352,001.00 applies to 50%-owned companies), less reserve of $1,300,000.00		34,055,418.13
PROPERTIES, PLANT AND EQUIPMENT (At cost, except properties of certain subsidiaries, which as of dates of acquisition were reduced to values determined by company and/or government engineers):		
Lands, leases, wells and equipment (including drilling costs of producing wells completed since January 1, 1934)	$305,140,640.60	
Oil pipe lines and tank farms	61,559,706.68	
Refineries and terminals	168,006,778.43	
Ships and marine equipment (including ships under construction, $15,790,222.33)	61,900,287.89	
Sales stations, facilities and equipment	105,050,774.49	
Miscellaneous	2,714,153.77	
Total	$704,372,341.86	
Less—Reserves for depreciation, amortization and depletion	337,866,519.59	366,505,822.27
PATENTS—AT COST (Less reserve for amortization of $1,669,954.73)		1,141,128.54
DEFERRED CHARGES		
Prepaid insurance and taxes	$ 935,598.75	
Bond discount and expense in process of amortization	72,663.38	
Drilling costs on incomplete wells	1,613,118.80	
Other prepaid expenses and deferred charges	2,520,526.28	5,141,907.21
		$695,831,741.65

LIABILITIES

CURRENT LIABILITIES:		
Notes and contracts payable (including $7,512,219.86 due in 1942 on long-term debt of which $6,259,728.17 are contract obligations for additional ships for American flag fleet)		$ 9,754,850.36
Accounts payable		17,262,563.15
Accrued liabilities		25,957,435.12
Provision for Federal income, excess-profits and undistributed-profits taxes (certain returns subsequent to 1933 are subject to final settlement with the U. S. Treasury Department)	$ 19,972,486.61	
Less—United States Treasury Notes, Tax Series B, 1943	15,000,000.00	4,972,486.61
Dividend payable January 2, 1942		5,432,135.00
Total current liabilities		$ 63,379,470.24
LONG-TERM DEBT:		
3% Debentures, due April 1, 1959	$ 40,000,000.00	
3% Debentures, due May 15, 1965	60,000,000.00	
1¾% notes payable to banks in annual installments of $750,000.00 from April 29, 1943	6,750,000.00	
Other long-term debt (including $3,860,000.00 contract obligations for additional ships for American flag fleet)	5,051,379.95	111,801,379.95
DEFERRED INCOME AND SUSPENSE CREDITS		537,973.68
RESERVES (As authorized by the Board of Directors):		
For benefits under employes' plans—excluding $1,440,000.00 included in current liabilities above	$ 15,621,467.34	
For foreign exchange fluctuations (see notes on page 20)	2,150,896.04	
For contingencies	7,000,000.00	24,772,363.38
CAPITAL STOCK AND SURPLUS OF A SUBSIDIARY COMPANY APPLICABLE TO MINORITY INTERESTS		608,215.48
CAPITAL STOCK AND SURPLUS:		
Capital stock, par value $25.00—		
Authorized 14,000,000 shares		
Issued 11,386,253 shares	$284,656,325.00	
Less—Held in treasury, 510,453 shares, at par value	12,761,325.00	
Outstanding 10,875,800 shares	$271,895,000.00	
Capital surplus	69,882,244.40	
Earned surplus (including earned surplus of predecessor company)	152,955,094.52	494,732,338.92
CONTINGENT LIABILITIES—Reference is made to page 10 of report to stockholders and notes on page 20 with respect to certain contingent liabilities. The Company's General Counsel reports that while it is impossible to ascertain the ultimate liability with respect to other contingent liabilities, including pending lawsuits, Federal taxes, claims, guarantees, etc., in his opinion, the aggregate amount of ultimate liability in respect of such other contingent liabilities is not materially important in relation to the total consolidated assets of The Texas Company and subsidiaries		
		$695,831,741.65

The foregoing balance sheet and statements are taken from the annual report, dated March 17, 1942 to stockholders of The Texas Company, and should be read in conjunction with such report which contains the certificate of Messrs. Arthur Andersen & Co., Auditors, attached to such financial statements. A copy of the report to stockholders may be had upon application to the Company. The said balance sheet, statements, and report are not intended to constitute an offer, solicitation of offer, representation, notice, advertisement, or any form of a prospectus in respect of any security of The Texas Company.

Calendar of New Security Flotations

OFFERINGS

LOUISVILLE TRANSMISSION CORP. (KY.)

Louisville Transmission Corp. (Ky.) has filed a registration statement with the SEC for $3,850,000 of First Mortgage Sinking Fund bonds, due Mar. 1, 1967. Interest rate will be supplied by amendment.

Address—311 W. Chestnut St. Louisville, Ky.

Business—Incorporated in Kentucky on Dec. 2, 1941, as a subsidiary of Louisville Gas & Electric Co. Company will construct and own a 154,000 volt double circuit transmission line from a point on the site of the Paddy's Run generating station of the parent company, near Louisville, Ky., to a point known as Green River Crossing in Hart County, Ky. (approximately 67 miles) where it will connect with a transmission line which the Tennessee Valley Authority will construct to such point from its South Nashville substation near Nashville, Tenn. (about 105 miles). Company will also construct and own terminal facilities at the parent company's generating stations, together with transmission lines which, together with 10 miles of transmission lines to be constructed by company's wholly-owned subsidiary, Louisville Transmission Corp. (Indiana), will complete the tie-in with Louisville Gas & Electric's system and a transmission system of Public Service Co. of Indiana. Purpose of such construction is to make available to the TVA 1,400,000,000 kilowatt hours of electrical energy per annum from the interconnected system of Louisville Gas & Electric Co., the TVA and four non-affiliated electric companies.

Underwriting and Offering—The bonds will be sold under the competitive bidding rule of the Holding Company Act; public offering price, names of underwriters, will be supplied by amendment.

Proceeds will be used to pay for the cost of the above construction program.

Registration Statement No. 2-4948. Form A1 (2-17-42)

Registration effective 12 noon E. S. War Time on March 4, 1942.

Bonds Awarded to Northwestern Mutual Life Insurance Co. March 17 on its bid of par for bonds bearing 3⅛% coupon, or an int. cost basis to company of 3.125%

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

SATURDAY, MARCH 21

CALIFORNIA DE-TINNING CORP.

California De-Tinning Corp. filed a registration statement with the SEC for 234,000 shares of $1 par common stock

Address—Los Angeles, Cal.

Business—Company is engaged in the reclaiming and processing of tin

Underwriters—Quincy Cass Associates

Offering—The common stock will be offered to the public at $1 per share

Proceeds will be used to pay for organization expenses, a detinning plant and for working capital

Registration Statement No. 2-4956. Form A1 (3-2-42—San Francisco)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed four separate registration statements with the SEC covering following: 25,000 shares series B-1 full certificates of participation; 300,000 shares series B-3 full certificates of participation; 70,000 shares series K-2 full certificates of participation, and 500,000 shares series S-4 full certificates of participation

Address—50 Congress St., Boston, Mass.

Business—Company is a distributive type of investment trust

Underwriting and Offering—The above shares, representing the above certificates, will be offered to the public, at the market

Proceeds will be used for investment purposes

Registration Statements Nos. 2-4952, 2-4953, 2-4954, 2-4955. Form C-1 (2-2-42)

NATIONAL SECURITIES & RESEARCH CORP.

National Securities & Research Corp. filed two separate registration statements with the SEC for (1) a maximum of 210 independence fund declarations of trust and agreement (of which 105 are without insurance and 105 with insurance of the accumulative type), calling for payments aggregating not in excess of $252,000 ($126,000 without insurance and $126,000 with insurance); and (2) 250 independence fund declarations of trust (income type, capital type and distributive type), aggregating $268,750, of which $18,750 represents a maximum creation fee payable to the sponsor and is not part of the trust

Address—1 Cedar St., New York, N. Y.

Business—This company is an investment trust. An independence fund declaration of trust presents a means by which an individual, upon the payment of certain fees, can establish a trust account providing for investment of $1,000 to $100,000 or more in a commingled fund of stocks and bonds, with certain protective requirements and subject to certain risks as ordinarily are incident to the ownership of the type of securities comprising the investment fund

The company is the sponsor

Proceeds will be used for investment purposes

Registration Statements: 2-4957; 2-4958. Form C1 (3-2-42)

SATURDAY, MARCH 28

DODGE & COX FUND

Dodge & Cox Fund filed a registration statement with the SEC for an unstated number of beneficial shares, the aggregate amount however not to exceed $500,000.

Address—San Francisco, Calif

Business—Investment trust

Purpose—Proceeds for investment

Sponsor—Dodge & Cox

Registration Statement No. 2-4961 Form A-2 per rule 524 (3-9-42)

SUNDAY, MARCH 29

LINK-BELT CO.

Link-Belt Co. filed a registration statement with the SEC for 33,604 shares common stock, no par value

Address—307 N. Michigan Ave., Chicago, Ill.

Business—Company is engaged, normally, in the design, manufacture, sale and erection of elevating, conveying, material preparation and power transmission machinery and the manufacture and sale of castings

Underwriting and Offering—The shares registered are held by the company in its treasury, and are to be offered only to a selected group of officers and employees of the company at $26.48 per share

Proceeds of $888,600 will be used to reimburse the treasury of the company for the moneys expended by it in the acquisition of such shares, and to provide funds for additional working capital

Registration Statement No. 2-4960. Form A-2 (3-10-42)

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for $10,000,000 first mortgage and collateral trust 3⅜% bonds due 1971

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydro-electric plant

Proceeds—Proceeds from the sale of the bonds would be used to finance the company's construction program, including the Venice No. 2 plant of its subsidiary, the Union Electric Co. of Illinois. Company proposed to buy from the subsidiary as much as $10,000,000 of additional common stock of the subsidiary as construction funds are required. All the outstanding stock of the subsidiary is pledged under the company's mortgage under which the bonds are to be issued. The Venice No. 2 plant would add 240,000 kilowatts of additional generating capacity to the company's system late in 1943. The first section consists of two 40,000 kilowatt units, of which the first recently was placed in operation and the second is scheduled for completion next month. A second section of 80,000 kilowatts under construction is scheduled for completion in the Fall and a third of the same capacity is to be completed late next year

Underwriting and Offering—Subject to the SEC's approval the company expects to offer the issue at comparative bidding about March 23, with bids to be submitted by March 30. Names of underwriters and the public offering price will be supplied by amendment

Registration Statement No. 2-4959. Form A2 (3-10-42)

MONDAY, MARCH 30

CELANESE CORPORATION OF AMERICA

Celanese Corporation of America filed a registration statement with the SEC for $7,522,000 of 3½% Convertible Debentures, due March 1, 1962, and an indeterminable number of shares of no par common stock (including scrip certificates for fractions of shares), latter to be reserved for issue upon conversion of the Debentures

Address—180 Madison Ave., New York

Business—Principal business of company is the manufacture and sale at wholesale of cellulose acetate yarns and fabrics containing such yarns under the registered trademark "Celanese" and under other trademarks owned by the company

Underwriting and Offering—The debentures will first be offered to company's common stockholders, via subscription rights, for subscription at the rate of $1,000 principal amount of the Debentures for each 183 shares of common stock held of record on the effective date of the registration statement. The subscription price per share will be supplied by amendment. The Subscription Warrants will be exercisable on or before 3 p.m. Eastern War Time on April 6, 1942. Such of the Debentures as are not subscribed for under this offer, will be sold to the public through underwriters, at a price to be supplied by amendment.

Names of the underwirters, and the maximum amount of the Debentures to be underwritten by each, are:

Dillon, Read & Co., New York	$1,222,000
Glore, Forgan & Co., New York	700,000
A. C. Allyn & Co., Inc., Chicago	50,000
A. G. Becker & Co., Inc., Chicago	75,000
Blyth & Co., Inc., New York	300,000
Alex Brown & Sons, Baltimore	125,000
Central Republic, Inc., Chicago	75,000
R. S. Dickson & Co., Inc., Charlotte, N. C.	50,000
Equitable Securities Corp., New York	50,000
Estabrook & Co., Boston	75,000
First Boston Corp., New York	450,000
Graham, Parsons & Co., Philadel.	50,000
Harriman Ripley & Co., Inc., New York	300,000
Harris, Hall & Co., Inc., Chicago	75,000
Hayden, Miller & Co., Cleveland	75,000
Hayden, Stone & Co., New York	75,000
Hemphill, Noyes & Co., New York	200,000
Hornblower & Weeks, New York	125,000
W. E. Hutton & Co., New York	75,000
Kebbon, McCormick & Co., Chicago	50,000
Kidder, Peabody & Co., New York	200,000
W. C. Langley & Co., New York	150,000
Lee Higginson Corp., New York	150,000
Lehman Bros., New York	350,000
Laurence M. Marks & Co., New York	75,000
Mellon Securities Corp., Pittsburgh	350,000
Merrill Lynch, Pierce, Fenner & Beane, New York	250,000
F. S. Moseley & Co., Boston	75,000
Otis & Co., Cleveland	75,000
Riter & Co., New York	150,000
E. H. Rollins & Sons, Inc., N. Y.	125,000
Salomon Bros. & Hutzler, N. Y.	125,000
Shields & Co., New York	300,000
Smith, Barney & Co., New York	300,000
Tucker, Anthony & Co., Boston	75,000
Union Securities Corp., New York	200,000
White, Weld & Co., New York	150,000
Whiting, Weeks & Stubbs, Inc., Boston	50,000
The Wisconsin Co., Milwaukee	125,000
Dean Witter & Co., San Francisco	50,000

Proceeds—Purpose or purposes to which the proceeds will be applied, are to be supplied by amendment

Registration Statement No. 2-4962. Form A-2 (2-11-42)

TUESDAY, MARCH 31

PET MILK CO.

Pet Milk Co. has filed a registration statement with the SEC for 30,000 shares of Cumulative Preferred Stock, $100 par value. The dividend rate will be supplied by amendment

Address—1401 Arcade Bldg., St. Louis, Mo.

Business—Company and its subsidiaries are engaged primarily in the manufacture and sale of evaporated milk; they also manufacture and sell certain other dairy products, including ice cream, ice cream mix, powdered milk and butter.

Underwriting—Details of underwriting arrangements will be supplied by amendment. However, the Prospectus shows that Kidder, Peabody & Co. and G. H. Walker & Co., will participate in the underwriting of the stock

Offering—The preferred stock will be offered to the public, at a price to be supplied by amendment

Proceeds—The purposes to which the proceeds from sale of the shares will be applied, will be supplied by amendment to the registration statement

Registration Statement No. 2-4963. Form A-2 (3-12-42)

GILLHAM MINING CO., INC.

Gillham Mining Co., Inc., filed a registration statement with the SEC for 5,000 shares common stock, no par value

Address—30 No. La Salle St., Chicago, Ill.

Business—Engaged in the mining of antimony ore in Mineral Township, Sevier County, Arkansas

Underwriting and Offering—The 5,000 shares of common stock will be sold to the public at $5 per share; no underwriting involved.

Proceeds will be used for corporate purposes, including further developing and exploring of properties now owned by the company

Registration Statement No. 2-4964. Form S-3 (2-12-42)

THURSDAY, APRIL 2

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed a registration statement with the SEC for 750,000 shares of Series "B-4" Full Certificates of Participation

Address—50 Congress St., Boston, Mass.

Business—Company is an investment trust; The "Keystone Plan" establishes a series of trust funds, each employing its capital in a designated class and type of listed securities, to enable the investor to choose the type or combination of types of securities having the characteristics most nearly fitting his individual requirements

Underwriting and Offering—The shares will be offered to the public at the market. The Depositor is the sponsor

Proceeds will be used for investment purposes

Registration Statement No. 2-4965. Form C-1 (3-14-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ATLANTIC CITY ELECTRIC CO.

Atlantic City Electric Co. filed a registration statement with the SEC for 62,000 shares of Cumulative Preferred Stock, $100 par; dividend rate will be furnished by amendment

Address—Atlantic City, N. J.

Business—This subsidiary of American Gas & Electric Co. is engaged in the generation, transmission, distribution and sale of electric energy in the southern part of New Jersey, including Atlantic City, and is also engaged in furnishing hot water heating service in a limited area in Atlantic City and steam for heating to two customers at its Atlantic City plant. About 99% of gross revenues are derived from electric service

Underwriting and Offering—As soon as practicable after the registration statement becomes effective, company proposes publicly to invite proposals for purchase of 49,000 shares of the new preferred stock, under competitive bidding rule of Holding Company Act. Provision is made that the remaining 13,000 shares of new preferred stock registered will be offered under an Exchange Offer, as follows: holders of the 26,283 shares of $6 preferred stock held by the public will be entitled to receive one share of new preferred stock for each share of $6 preferred stock exchange, plus an amount in cash per share equal to the excess of the redemption price of $120 per share of the $6 preferred stock, plus accrued dividends to the date of redemption, over the initial public offering price of the new preferred stock. The exchange offer will expire not later than the fifth day after such offer is made. Should holders of the $6 preferred stock held by the public take more than 13,000 shares of new preferred stock under the Exchange Offer, then the number of shares of new preferred stock to be sold under competitive bidding will be reduced by such excess; and if less than 13,000 shares of new preferred are taken under the Exchange Offer, then the successful competitive bidders will have the option to purchase the additional shares represented by such deficiency at the same price per share as they have bid for the other shares

Public offering price, and the names of the underwriters, will be supplied by amendment

Proceeds from sale of the 62,000 shares new preferred stock, plus a capital contribution in cash of $2,500,000 to be made to company by American Gas & Electric Co., the parent company, will be used for following purposes: $3,059,200 to purchase from American Gas & Electric Co. 30,592 shares of $6 preferred stock (at its cost); $3,153,960 to be deposited with the redemption agent, for the redemption of 26,283 shares of $6 preferred stock (to be called for redemption at $120 per share), outstanding in the hands of the public; $2,500,000 to discharge open account indebtedness to American Gas & Electric Co.; and the balance for corporate purposes

Registration Statement No. 2-4941. Form A2 (2-2-42)

Registration Effective 12:30 p.m. E. War Time on Feb. 14, 1942.

Public Invitation for Proposals—No bids were received Feb. 24 for the issue. Groups formed to compete for the shares withdrew in the face of the general market uncertainty.

AXTON FISHER TOBACCO CO.

Axton Fisher Tobacco Co. filed a registration statement with the SEC for aggregate of 149,944 shares 5% cumulative prior preferred stock, $25 par.

Address—Louisville, Ky.

Business—Engaged in the manufacture of cigarettes (Clown, Spud, and Twenty Grand) and various brands of smoking and chewing tobaccos.

Offering—The 149,944 shares new preferred stock will be issued under a plan of recapitalization, as follows: (1) 56,544 shares in exchange for 14,136 shares outstanding 6% preferred stock on basis of 4 shares new preferred stock plus $17.25 cash for one share of old 6% preferred stock; (2) 54,558 shares in exchange for 45,465 shares outstanding Class A common stock on basis 1 1/5 shares new preferred stock plus $16 cash for one share Class A common stock; and (3) 38,852 shares will be sold first to stockholders of company other than Transamerica Corp., parent company, at $25 per share, with the unsubscribed portion to be sold to Transamerica Corp. at same price. The cash payments in (1) and (2) exchange offers represent unpaid cumulative dividends to Dec. 31, 1941; in connection with offering under (3) above, a cash offer is also to be made in an amount necessary to cover cash payments in the above exchange offers.

Registration Statement No. 2-4947. Form A2 (2-13-42—San Francisco)

Amendment filed Feb. 27, 1942, to defer effective date

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co. a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof: and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s. 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendments filed Nov. 18, Dec. 6, Dec 24, 1941, Jan. 12, Jan. 31, Feb. 19 and March 10, 1942, to defer effective date

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendments filed Nov. 27, Dec. 15, 1941, Jan. 2, Jan. 20, Feb. 6, Feb. 24 and March 13, 1942, to defer effective date

GENERAL FINANCE CORP.

General Finance Corp. filed registration statement with SEC for 176,854 shares common stock, $1 par

Address—184 W. Lake St., Chicago, Ill.

Business—Company and subsidiaries engaged principally in discounting installment notes receivable secured by automobile conditional sales contracts and chattel mortgages, and advancing funds to automobile dealers on their short-term interest bearing notes secured by automobiles. Due to recent prohibition of sale of new automobiles and new tires,, company proposes to amend its charter so as to broaden the scope of its authority to do business

Underwriting—None

Offering—The 176,854 shares of common stock are reserved for issuance upon the exercise of certain outstanding Common Stock Purchase Warrants, latter entitling holders thereof to purchase 176,854 shares of common stock of company at price of $4 per share, during period from Mar. 4, 1942 through March 4, 1947. Such warrants as filed and 176,854 shares of 5% preferred stock were issued to preferred and common stockholders of Utility and Industrial Corp. pursuant to merger agreement. It is estimated that total number of warrants ultimately to be outstanding will represent the right to purchase approximately 140,710 shares.

Proceeds will be added to working capital

Registration Statement No. 2-4936. **Form** A2 (1-28-42)

Registration effective 4:45 p.m. E. S. War Time on March 5, 1942.

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. **Form** S2 (12-30-41)

Amendment filed Jan. 29, Feb. 16 and March 6, 1942 to defer effective date

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock, $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters. Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. **Form** A2. (11-19-41 Cleveland)

Amendments filed Jan. 8, Jan. 24, Feb. 2, and Feb. 25, 1942, to defer effective date

(This List Is Incomplete Today)

THE PENNSYLVANIA RAILROAD

SUMMARY OF ANNUAL REPORT
FOR 1941

THE 95th Annual Report of the Pennsylvania Railroad Company covering operations for 1941 will be presented to the stockholders at the annual meeting on April 14, 1942. Operating revenues increased $136,447,755 or 28.6% over 1940. Operating expenses increased $104,222,597 or 30.8%. Taxes increased $22,274,360 or 50.8%. Net income was $52,383,958 an increase of $11,608,128. Surplus was $48,414,588, equal to 7.4% ($3.68 per share) upon the outstanding Capital Stock (par $50) as compared with 5.6% ($2.80 per share) in 1940.

OPERATING RESULTS	1941		INCREASES OR DECREASES OVER 1940
Total Operating Revenues Were	$614,041,163	I	$136,447,755
Total Operating Expenses Were	442,677,275	I	104,222,597
Leaving Net Revenue From Railway Operations of	171,363,888	I	32,225,158
Taxes Amounted to	66,159,548	I	22,274,360
Hire of Equipment and Joint Facility Rents Were	8,101,852	D	652,204
Leaving Net Railway Operating Income of	97,102,488	I	10,603,002
Income from Investments and Other Sources Was	*41,663,095	I	365,787
Making Gross Income of	138,765,583	I	10,968,789
Fixed Charges, Chiefly Rentals Paid to Leased Roads, and Interest on the Company's Debt	86,381,625	D	639,339
Leaving Net Income of	52,383,958	I	11,608,128
Appropriations to Sinking and Other Funds, etc.	3,969,370	I	90,205
Surplus	$ 48,414,588	I	$ 11,517,923

**Includes dividend of $5,000,000 (par value) in securities received from Pennsylvania Co.*

Dividends aggregating 4% ($2.00 per share) were paid during 1941, compared with 3% ($1.50 per share) in 1940.

THE NATIONAL EMERGENCY

The railroads have again demonstrated their capacity and ability, under private management, to meet successfully and completely the demands made upon them by the National Emergency. The efficient performance has been well recognized.

During 1941 the freight traffic was greater than any previous year in their history and the passenger traffic was greater than any year since 1929. Although the ownership of freight cars was 600,000, or 26% less than in 1929, with a greater capacity of cars and locomotives it was possible, by continuous improvement in facilities and operating methods, to handle this large traffic without congestion or car shortage.

The railroads of the country are alert to their responsibility in the moving of men and materials so essential to our National Defense. The Company is participating with all its resources, including expenditures for improvements, towards producing the maximum of transportation efficiency.

FINANCE

The Company's net funded debt was reduced $12,947,970 during the past year. Equipment Trust Obligations increased $4,704,000 due to the issuance of $11,925,000 Fifteen-year 1¾% obligations, which were sold on a 1.744% basis to finance, in part, the cost of new equipment. This in turn was offset by the payment of obligations amounting to $7,221,000.

The System's funded debt in the hands of the public was reduced almost $30,000,000 through securities retired at maturity, bonds redeemed through sinking funds, and bonds acquired by System Companies.

EQUIPMENT

To meet the requirements of National Defense new equipment placed in service during 1941 included 4,954 freight carrying cars, 200 cabin cars, 3 locomotives, 41 large capacity tenders, 668 freight containers, 4 passenger coaches, 3 car floats and 1 tug boat. In addition 110 passenger train cars were remodeled. On order at the end of the year were 6,922 freight carrying cars, 250 cabin cars, 23 locomotives, 16 large capacity tenders, 14 passenger coaches, 10 car floats, 15 barges, 10 lighters, 1 tug boat, and 1 track sweeper.

Capital expenditures were also made for additions to, and betterments of, roadway, structures and equipment, many of which were necessary in connection with National Defense.

In the 12 year period ended December 31, 1941, in addition to new and improved types of passenger coaches and dining cars, and remodeling and air-conditioning of passenger train equipment, more than 35,000 new freight cars and 336 locomotives of the most efficient type and advanced design were placed in service. There was also expended nearly $670,000,000 for additions and betterments to equipment, roadway, structures, and other facilities in the interest of improved service to the public.

This program of additions and betterments is indicative of the Company's efforts to be prepared to meet the defense needs of the country.

PASSENGER SERVICE

During the year, passenger services were further improved and three entirely new trains were added: (1) "The Jeffersonian", an all coach train operating between St. Louis and New York on a 20¼ hour schedule; (2) "The Patriot", operating between Washington, Baltimore, Philadelphia, New York, and Boston, with modern coaches, dining and lounge cars, and pullman sleepers, on an 8 hour, 40 minute schedule, the fastest service ever provided between Washington and Boston; and (3) "The Pennsylvanian", between Chicago and New York, affording the latest evening departure from Chicago with morning arrival at Philadelphia, New York, Baltimore and Washington.

In cooperation with its connections and other railroads in the Chicago-Florida passenger field, the Company participated in a comprehensive plan for full coordination of fast passenger service between Chicago and various parts of Florida, effective December 17, 1941, which resulted in substantial operating economies while at the same time affording the travelling public the fastest and most attractive sleeping car and coach service ever offered in that territory.

A number of other improvements in passenger train service were also effected, including further quickening of schedules of several through trains between the East and the West.

WAGES

During the year, demands were made upon the railroads of the country by the labor organizations for heavy increases in wages, and modification of working conditions, as a result of which the basic rates of pay of certain employes were increased 9½ cents per hour and 10 cents per hour for others, with certain additional concessions for paid vacations. On the basis of 1941 payrolls, the increased cost to the Company per annum is $38,000,000.

FREIGHT AND PASSENGER RATES

In addition to the wage increases which involved an increase of approximately $332,000,000 per annum in the operating cost of the railroads, the railroads anticipated, with the war on, increases in other expenses which would not be taken care of by the probable increase in volume. Thus, unless increased rates could be obtained, the railroad's efforts to continue to provide the adequate and efficient railroad transportation, made necessary by the war, might be seriously affected. The railroads of the country, including the Company, therefore, petitioned the Interstate Commerce Commission on December 13, 1941, for authority to increase freight and passenger rates, other than the special rates provided for the military and naval forces of the United States travelling on furlough.

Hearings have been held in this proceeding. The Commission on January 21, 1942, authorized an increase in passenger fares; and on March 2, 1942, authorized a slight increase in freight rates.

TAXES

Taxes amounted to $66,159,548, an increase of $22,274,360, or 50.8%. Of this $18,648,885 was chiefly due to larger income and higher Federal Income tax rate. Higher payrolls resulted in an increase of $1,812,474 in Unemployment Insurance taxes, while Railroad Retirement taxes increased $1,813,001.

All taxes require about 10.8 cents out of each dollar of operating revenue, equivalent to 10.1% ($5.04 per share, an increase of $1.69 per share) upon the capital stock.

The railroads continue to be the only form of transportation used generally by the public that provides its own right of way and terminals, pays for their maintenance, and in addition pays taxes for the support of Government.

STOCKHOLDERS

The Capital Stock of the Company, at the close of the year, was owned by 205,012 stockholders, the average holding being 64 shares. Information concerning the Company and its activities will be furnished stockholders upon request and constructive suggestions respecting the Company or its service are always appreciated and receive careful consideration.

The Board takes pleasure in acknowledging the continued efficiency and loyalty of all the employes during this period of great national stress. We know that they will continue to do their full share in meeting the additional heavy responsibilities that have now been placed upon them.

M. W. CLEMENT, *President*

THE PENNSYLVANIA RAILROAD

SHIP AND TRAVEL VIA PENNSYLVANIA

Stockholders can obtain copies of the Annual Report from J. Taney Willcox, Secretary, Broad Street Station Building, Philadelphia, Pa.

Timely Discussions At N. Y. Dealers Dinner

Three short timely discussions, "The Future Aspect of the Over-the-Counter Markets," "War Production" and "Inside Nazi Germany" are to be given by men prominent in their respective fields, at the New York Security Dealers Association 16th Anniversary dinner to be held on March 26, at the Waldorf Astoria Grand Ballroom, according to the committee in charge of the program.

Ganson Purcell, Chairman of the Securities and Exchange Commission, will address the gathering on the first named subject, while the problem of production necessary to win the war will be presented by Clarence J. Reese, President of Continental Motors Corporation. Alexander Drier, radio commentator, will give his views of the situation in Germany, based on his recent experiences as correspondent for the National Broadcasting Company in Berlin, where he reported the news twice daily for several months. Because of his refusal to broadcast German releases, he was requested to leave Berlin.

Yonkman & Smith Now With King, Wulf Co.

GRAND RAPIDS, MICH. — George Yonkman, formerly President of Harper, Wegusen & Yonkman, Inc., and J. Alan Smith, sales manager for the same firm, have become associated with King, Wulf & Co., Michigan National Bank Building, Mr. Yonkman having been elected a Vice-President. J. Henry Geurkink, Leon Brice Hadden, and Fred A. Vander Meer, also previously with Harper, Wegusen & Yonkman, are now with King, Wulf & Co.

Boston 'Change Firms Elect 1942 Officers

BOSTON, MASS.—At the 22nd annual meeting of the Boston Association of Stock Exchange Firms held today at the Boston Stock Exchange, the following were elected Governors to serve for three years: Robert B. Almy, Townsend, Dabney & Tyson; Herman F. Clarke, Estabrook & Co.; Ralph Hornblower, Hornblower & Weeks; and Lester Watson, Hayden, Stone & Co.

Officers elected were as follows: John R. Chapin, Kidder, Peabody & Co., Chairman of Board; Herman F. Clarke, Estabrook & Co., Vice Chairman; Alexander H. Bright, Elmer H. Bright & Co., Treasurer and Edward H. Kittredge, Hornblower & Weeks, Secretary and Assistant Treasurer.

John Blake Now With Eaton & Howard, Inc.

(Special to The Financial Chronicle)

BOSTON, MASS. — John L. Blake has become associated with Eaton & Howard, Incorporated, 24 Federal Street. Mr. Blake was formerly for many years a partner in Tifft Brothers

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Our Reporter On "Governments"

If you needed any confirmation of the report of a huge borrowing in the open market in April, just study the Federal Reserve System's statement of last Friday. . . . Showing the Treasury's balance with the Reserve Banks down to $60,267,000, the lowest figure in any number of years and an amazingly small figure considering the times, the rate of daily spending. . . . Of course, there was a reason for letting the balance go down that much, for that was the last statement before the income tax payment date. . . . But, nonetheless, the extent of the drop in the Treasury's cash balance in a few weeks brings home again the terrific total of spending these days and the continuing need for financing.

The next deal will come in April, then. . . . Maybe, early in the month. . . . And the cash request this time may be larger than at any previous time. . . . It may rise to $2,000,000,000, as a matter of fact. . . . Some Government bond dealers are predicting that total. . . .

And if you want to find a basis for the next forecast, glance at a listing of the Government's bond and note issues outstanding today. . . . There are 33 different bond issues alone! . . . The market may be reaching the saturation point as far as ordinary new issues are concerned. . . . The time may be approaching for a "change"—of some nature to reawaken investors' interest in purchasing new securities. . . .

What Change?

There are so many reports of different issues under consideration that it is next to impossible to discover which have a basis of validity and which have not. . . . One story is that a "tap issue" will be tried within a few months. . . . Another is that "odd things will be done with coupons, such as making them variable with the level of interest rates." . . . A third is that an issue without a maturity will be attempted, and a clause will be inserted permitting conversion of the non-maturity issue into a maturity issue after the war. . . . There are dozens of rumors akin to these—all indicating discussion of change but none pointing the way definitely to the exact change. . . .

It seems unlikely that a tap issue will be tried just yet. . . . Maybe later in the year, maybe this summer, but not next month. . . . As for the other tales, they appear a bit fantastic. . . . And yet, if the market does indicate it has had enough of ordinary long-term and intermediate-term issues, Secretary Morgenthau will have to invent a feature to arouse buying sentiment. . . .

If that move is delayed until the financing after this, the odds are we'll get in April a long-term 2Z% bond, due in early '60s. . . . And the odds are that before the issue is offered, action will be taken to ease the banking position and to encourage commercial banks, especially, to purchase the new bonds. . . .

That, in turn, would suggest a cut in reserve requirements in the near future. . . . Or perhaps just a change in the reserve requirement rules, according to one dealer, to ease the money position in New York and Chicago. . . . It could be done by changing these two cities from central reserve cities to reserve cities, for by that move, the banks could be allowed to reduce their reserves against deposits. . . .

Support

Report from Washington is that Morgenthau will get his authority to purchase any outstanding Government obligations in the open market "at or before maturity." . . . And he'll get this authority along with the power given to him in the second war powers bill, to sell new securities direct to the Federal Reserve Banks. . . .

Assuming these developments come through, Morgenthau could raise billions by selling bonds direct to the Reserve Banks and then turn around and use the cash to buy outstanding Treasury securities. . . .

Thus, the market could be supported at present levels for an indefinite period. . . . And thus, a major re-distribution in the public debt could be engineered—for the debt would be shifted from the portfolios of commercial banks to the portfolios of the 12 semi-public Federal Reserve Banks. . . .

Incidentally, this wouldn't mean, under any circumstances, a net decline in bank holdings of Governments. . . . On the contrary. . . . It's figured that the nation's banks and insurance companies must contribute between $20,000,000,000 and $25,000,000,000 annually toward war financing. . . .

That's where the "special issues" come in. . . . That's where the question of changing the methods of financing comes in too. . . .

Inside The Market

Dealers talking about need for fundamental change in psychology of buyers of Governments. . . . Away from the idea that all issues must be tremendously over-subscribed and must rise to big premiums immediately, back to idea that an issue is a success if it's just "bought" and is worth the price at which it is sold for a while. . . . Means end of boom period in Government financing, which began when Roosevelt Administration came in. . . .

Feeling is Secretary Morgenthau received many more tax anticipation notes this week in payment of income taxes than he anticipated. . . .

War budget may go to $75,000,000,000 next year, indicating inevitability of forced savings plan. . . . Defense bond sales won't bring in more than $10,000,000,000 a year, at the outside, on a "voluntary basis." . . . Forced savings plus compulsory purchases of defense bonds looked for. . . .

Testimony before Congress by Morgenthau last week suggests his awareness of this. . . . He said he wouldn't know the results of the defense bond sale on a voluntary basis until June, 30. . . .

Market is dull again. . . . Little trading by dealers on either side. . . . Professionals again talking new financing most of the time. . . . Moving to the sidelines pending announcement next month. . . .

Considerable amount of switching has been going on between taxable 2s and tavable 2¼s. . . . Good switch from 2s to 2¼s still indicated. . . .

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on March 16 that the tenders for $150,000,000 or thereabouts, of 91-day Treasury bills, to be dated March 18 and to mature June 17, 1942, which were offered on March 13, were opened at the Federal Reserve Banks on March 16. The following details of this issue are revealed:

Total applied for	$535,473,000
Total accepted	150,273,000

Range for accepted bids (excepting two tenders totaling $90,000):

High—99.975. Equivalent rate approximately 0.099%.

Low—99.947. Equivalent rate approximately 0.210%.

Average Price 99.951. Equivalent rate approximately 0.195%.

(99% of the amount bid at the low price was accepted.)

There was a maturity of a similar issue of bills on March 18 in amount of $150,040,000. There also matured this week three other issues of bills — $150,174,000 on March 16, $150,004,000 on March 17 and $150,230,000 on March 19—to be paid off with income tax receipts.

Francis I. duPont Dead

Francis I. duPont, senior partner in Francis I. duPont & Co. and Chisholm & Chapman, 1 Wall Street, New York City, and internationally known research chemist, died on March 16. Mr. duPont held more than 100 patents, but was best known for the development of a process for mineral seperation known as the "sink and float" method. He organized Francis I. duPont & Co. in 1931 at the height of the depression; the firm expanded to have twenty offices and in July of 1941 was merged with Chisholm & Chapman to form Francis I. duPont & Co. and Chisholm & Chapman. Before going into the investment business, Mr. du Pont was a Vice-President of E. I. duPont Company.

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Alvin Jordan With Allan N. Young & Co.

PHILADELPHIA, PA. — Allan N. Young & Co., Inc., 225 South 15th Street, announces that Alvin W. Jordan has become associated with them. Mr. Jordan was formerly manager of the trading department for Charles A. Taggart & Co., was with G. L. Ohrstrom & Co., was trading manager of the local office of Auchincloss, Parker & Redpath and in the past was an officer of Janney & Co.

Carl Jacob Dersch and Harry Raymond Snell have become associated with the Reading office of Allan N. Young & Co., in the Colonial Trust Building. Mr. Snell was formerly Reading representative for Allen E. Beers & Co.

Firemen's Ins. Looks Good

A detailed memorandum on Firemen's Insurance Company of Newark has been issued by Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City, discussing in detail the interesting current situation in this stock. The March 7 issue of the firm's "News Review" contains interesting details on several insurance stocks and gives a comparative table of operating results on seventy-four fire and casualty insurance companies. Copies of the memorandum and the "Review" may be had from Huff, Geyer & Hecht upon request.

New Cotton Exch. Member

At a meeting of the Board of Managers of the New York Cotton Exchange held on March 17, Edward A. Hillmuth, a partner of Robert Moore & Co. of New York City, was elected to membership in the Exchange.

Reitenbaugh Retires From Bond & Goodwin

John S. Reitenbaugh has withdrawn as a Vice-President and Director of Bond & Goodwin, Inc., 63 Wall Street, New York City.

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The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 155 Number 4056 New York, N. Y., Thursday, March 19, 1942 Price 60 Cents a Copy

FROM WASHINGTON AHEAD OF THE NEWS

The industry of Washington is "thinking" and one of the outputs or productions of this industry for sometime past has been the question of whether there is a need for Congress. The bureaucrats have not seen any purpose it served, and unquestionably if the matter of streamlining the Government were left to them this would be one and perhaps the only agency they would cut out.

It is a fact, too, that over a period of time, wearied newspaper observers of the Washington scene, have come to agree with the bureaucrats. It was not that the observers liked the situation but they reasoned that it had come about and there was really nothing they could do, so why as a matter of expense, a slight relief to the taxpayers, shouldn't Congress be eliminated. The point was that the bureaucrats and newspaper observers were in agreement that Congress didn't serve any particular function. Hitler, it was pointed out, still maintains and pays the members of the Reichstag, and Stalin also has a sham parliamentary set-up. If we were going to ape those countries, why not show some American ingenuity and improve upon them. Instead of maintaining legislative bodies as dummies, why not show that we were more efficient than either Hitler or Stalin and do away with them, thus saving the expense.

It is in a way a tribute to our bureaucrats that they were willing to do this, because usually the bureaucrats do not want to abolish a governmental job and save the money. They do not figure things in terms of money. All the bureaucrats of the admitted dictatorships have wanted to do was to control the jobs, not save money on them.

So, the fact that our bureaucrats were willing to do away with the expense of Congress shows an honesty on their part

(Continued on Page 1167)

On The Foreign Front

European Stock Markets

Dealings on the London Stock Exchange remained modest in recent sessions, with the market generally inclined to await further war developments. The advent of Spring and the closing of the first phase of the Far Eastern struggle presumably means that fresh actions soon will take place. They may disclose whether the initiative is passing from the Axis to the United Nations, and much will hinge on that question.

Price trends were rather indifferent in London, pending answers to the next war phase. Gilt-edged issues remained in fair demand, largely for reinvestment purposes. Industrial issues were dull in most sessions, while home rails were steady. Shipping stocks showed better results than other departments, and a little buying continued among Latin-American securities. The London market was heartened to a degree, yesterday, by the news that Gen. MacArthur had arrived in Australia.

Reports from French markets again reflect the mounting fear of inflationary occurrences, owing to the tremendous costs of the German occupation. Equities remain in heavy demand, partly as a matter of flight from the currency, but few shares are offered by holders. Strict regulations now prevent excessive price changes. Other European markets remain shrouded in the silence of censorship.

Lend-Lease Activities

Steep increases of lend-lease deliveries of war supplies by the United States to our associates of the United Nations were recorded in the further quarterly report submitted to Congress on this aspect of the war effort, last week, by President Roosevelt. The first anniversary of the lend-lease program was marked by an unusually extensive Executive report to Congress. Accomplishments under the measure were viewed with satisfaction, but Mr. Roosevelt indicated that the aid so far extended falls far short of what is needed to turn the tide toward victory.

(Continued on Page 1166)

One Reader Says...

"The Financial Chronicle has been so useful that we have had the copies bound and kept for reference."

Running through our correspondence, we find a subscriber whose file of bound copies dates back to 1887—another to 1906—and still another to 1880. Can there be any doubt in your mind about the value of binding your copies of the Financial Chronicle, of having at your finger tips a complete record of all important financial developments? The new Financial Chronicle was designed for binding. With the larger page size, bound volumes will be thinner, will open flat and will be easier to handle.

This is merely a suggestion—passed along to you because we want you to get full value from your subscription to the Financial Chronicle.

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THE FINANCIAL SITUATION

All manner of strange notions appear to be abroad concerning the way in which this nation and the individuals who compose it should conduct themselves at this time. Many of these ideas, weird though they be, need cause no uneasiness. Many tens of millions of Americans have always had their own conceptions of the world and all that is in it. No one, we are certain, would put an end to this habit of thinking and discussion even if he could. When, however, foolish notions gain large numbers of aggressive supporters, or are championed by men or women in public life or elsewhere with large influence they may easily become a menace. Some such danger appears to be threatening us at this moment. Broadly similar "political" factors have already upon several occasions done serious damage to the cause of the anti-Axis powers in the strictly military sphere, as attest the Greek campaign, the fiasco on the Island of Crete, perhaps upon one or more occasions in Libya, and certainly in the Java Sea. We can not afford analogous errors here within our own borders. In this broader sphere where they now threaten they could cause much more serious injury.

Wholesale misapplication of faulty, half-true dogmas; emotional attitudes toward what ought to be a cold-blooded business—the conduct of war; wholly erroneous deductions from what is believed to be the practice and experience of such countries as Russia, Germany and Japan; large admixtures of the New Deal notion of "planning" and "managing" nearly everything short of the solar system; and simple, ordinary, every-day, slip-shod thinking appear to be the roots of the evil, but, of course, the hazards by which we are confronted take very tangible form. Only the other day, the Vice-President quoted with evident approval from the diary of a soldier in the first World War, which he apparently believes would serve as an excellent motto for every man, woman and child in the land today. It reads: "America

(Continued on Page 1148)

The "Four Freedoms" In Practice

To protect Leningrad it is essential that the Russians should control the Gulf of Finland and the Baltic Coast and it is also necessary that there should not exist small States close to vital points of Soviet industry which can be made use of by hostile powers as a base for attack.

This means that, judging by the strategic necessities of the situation, the Soviet Government must ask for those boundaries which it has fought to defend against Germany—the boundaries of last June.

***There is this possible exception, that the Russo-Polish boundary was admittedly of a temporary nature when the war between Russia and Germany started, and its final configuration will have to be worked out between what are now, I am glad to say, two friendly countries, Poland and the U. S. S. R.*—Sir Stafford Cripps.**

***Russia asks more than material supplies. As the Atlantic Charter shows, both Britain and the United States are rightly preoccupied with questions of their future security. A like preoccupation on the part of Russia is no less natural, and Russia claims the right, which Washington and London equally claim in their own behalf, of judging for herself of the conditions necessary to her own security.* * * ***

***These (Russian war aims) nowhere go beyond the territories embodied in the Soviet Union when Hitler marched against it last June. They are in no way incompatible with that security in Europe which the framers of the Atlantic Charter sought to insure. They are, indeed, conditions of it. Security for Europe will prove unattainable if Russia herself does not feel secure.*—The London "Times."**

Evidently the "four freedoms" are headed for difficulty precisely of the sort encountered by the "14 points" a quarter of a century ago.

The fact will occasion no surprise among qualified observers, and need not and should not in any way alter the conduct of the war.

Prophets of a post-war millenium would, however, do well to take notice of it.

Power Of "Item Veto" Asked By President

President Roosevelt advised Senator Vandenberg (Rep., Mich.) on Mar. 10 that he believes the power of "item veto" over individual provisions in appropriation bills could be legislated without a Constitutional amendment. In a letter to Senator Vandenberg, who has sought for some time to give the President "item vote" power, Mr. Roosevelt suggested that the process be tested by inserting an "item veto" clause to an appropriation bill which would only apply to that bill. Senator Vandenberg informed the Senate that he would offer such an "item veto" amendment to the next appropriation measure.

The Senator made public the following portion of the President's letter on the "item veto":

> As you know many of the States have it. I [said President Roosevelt] had it when I was Governor of New York and, although the Legislature in both branches was Republican and I, as Governor, was a Democrat, the power was carried out in good faith on both sides. My recollection is that, as Governor, I only vetoed three or four items in the whole four years I was in Albany and no effort was made to pass the vetoed item over my disapproval.
>
> In regard to the present situation in Washington, there are two schools of thought. The first is that a constitutional amendment would be necessary. I don't hold with that school.
>
> I think the other method is constitutional whereby the legislative branch of the Government can pass legislation with the item veto power in it. The whole process would, it seems to me, be tested out by inserting a simple clause in the appropriation bill and applying only to that bill.
>
> This, at least, would get the matter before the Senate and I think I am right in saying that an amendment of this kind to an appropriation bill should be brought up on the floor at the time the bill is pending.

Paper $ Must Last Longer

Pointing out that "war demands make it necessary to conserve material and labor in the printing of our currency," Allan Sproul, President of the Federal Reserve Bank of New York, in advices to the banking institutions in the District under date of March 6, said:

> The Treasury Department has accordingly requested that all possible steps be taken to lengthen the life of paper currency. This bank, therefore, is lowering the standards which it uses in determining whether currency is fit for further circulation and will return to circulation some notes which heretofore have been removed from circulation when received by this bank.
>
> Your cooperation is requested in explaining this step to your customers, and also in your sorting of currency for shipment to us.

Curb Short Position

Short interest in stocks on the New York Curb Exchange during February aggregated 12,032 shares against 16,045 shares on Jan. 31, the Exchange announced on March 10.

Four stocks showed a short position of 500 shares or more. These were:

	Feb., '42	Jan., '42
American Cyanamid Co. (B non-voting common)	1,026	1,066
N. Y. Merchandise Co., Inc. (common)	593	----
Vultee Aircraft, Inc.	2,700	1,000
Wichita River Oil Corp. (common)	500	300

Editorial—

Private International Debts

Prodigious sums are being ladled out by the United States Government to other nations on lend-lease account for war and other purposes. This form of international finance, which now runs into billions of dollars, tends to obscure the very substantial private debts still outstanding internationally. The private debts nevertheless form a tremendous aggregate. They require continued study and patient efforts toward reasonable compositions, where default has occurred and a remedy seems feasible.

It has long been apparent to the well-informed that British authorities are keenly aware of the basic requirements on foreign loans. The 1941 report of the British Council of the Corporation of Foreign Bondholders shows clearly that London was not remiss in this matter, even though a World War was raging and defaults were increasing. Calmly and steadily, the British protective organization continued a task which it first took up in 1873. At various times in the past the British Council has declared that a bond never dies, which is an excellent guiding principle.

Judging entirely by external appearances, it would seem that there is little of the cooperation on our own side of the Atlantic which the British have found advisable and useful in this debt problem. The State Department and the Securities and Exchange Commission send an annual visiting board to the Foreign Bondholders Protective Council. Just what this accomplishes is not entirely clear, for the Council seems seldom to figure in the Washington measures respecting dollar bond defaults. Several "settlements" have been effected through the State Department, although the Council was set up for the purpose at the request of this Administration and has a generally excellent record on negotiations voluntarily instituted with it by defaulters. It is suggestive that our American Council no longer issues an annual report, although the British Council continues this practice.

The New Deal attitude may fairly be assumed to stem from slighting references which Mr. Roosevelt at times has made regarding foreign dollar bonds. But the fact should be apparent even in Washington that a careless official attitude on private international debts is a distinct disservice to the country in many ways. The continuing defaults by some of the Latin-American nations, for instance, hamper the Good Neighbor policy greatly, for there can be no question of the bitterness felt by investors in the United States over the defaults. It is no secret that even some of the Latin-American statesmen concerned feel embarrassed over the situation, for they realize that a genuine rapprochment with the United States is not easy to achieve, while such important matters remain unsettled.

The Treasury Department might take a little more interest in this question, from the standpoint of the revenues which Secretary Morgenthau anxiously seeks. Ostensibly in order to gain a little revenue, Mr. Morgenthau calls loudly and persistently for Federal taxation of our State and municipal securities, and he has justly been charged with bad faith. Yet, insistence upon nothing more than good faith by Latin-American obligors would bring in handsome revenues to our Treasury, through the avenue of the existing provisions of the income tax. No quibbling is possible as to the ability of the Treasury to achieve this, for Mr. Morgenthau has in his hands the allocation of lend-lease and other funds which are being granted and loaned to almost all Latin-American States. There is a glaring need for simple insistence by Mr. Morgenthau for observance by the debtors of their contractual obligations, or for reasonable compositions, before fresh funds are loaned.

The report of the British Council mentions the marked improvement in the foreign-exchange position of most Latin-American countries. Large purchases of commodities by the British and United States Governments for war and defense purposes are noted, together with the fact that the United States credit policy has been maintained and extended. "This policy has been strongly criticized," the British report delicately adds, "on the ground that, in cases where the beneficiaries are in default on their previously existing external obligations, insufficient consideration has been given to these claims."

The British report is instructive in another particular. Certified British-owned bonds of enemy countries continue to be served from blocked funds, it appears, where such funds are available in London. Far from taking such an enlightened view, our own authorities forbid all payments on enemy country securities outstanding here. Indeed, even ordinary trading in the securities has been effectively halted in our markets, whereas transactions continue in the London market.

Editorial—

Sales Taxes Must Come

President Roosevelt, through Secretary Morgenthau, is demanding from Congress new tax legislation which shall be planned, as the Administration insists to raise, during the next fiscal year, the first to which it could conveniently be made applicable, $9,600,000,000 more than would be collected under existing law. If this demand is acceded to, as it is almost certain that it will be so far as concerns the additional amount to be exacted, the annual total brought in by Federal taxation will exceed $27,000,000,000. This is a higher aggregate than this nation or any other nation in the world ever took from the pockets and incomes of its people during any year in the recorded history of mankind. The intended exaction is so enormous and its impact upon the lives and well-being of all the people must be so far-reaching and profound that it is of the utmost importance that all the probable reactions and consequences shall be deliberately examined and the ultimate effects of each of the several expedients of taxation that have been or will be proposed so carefully weighed, one against the other, that the highest available competence shall control the legislative result. Fortunately, there is no apparent disposition on the part of the majority of the Committee on Ways and Means of the House of Representatives, the only place in which Federal tax laws can constitutionally originate, blindly to follow recommendations from the Executive Department. On the contrary, the Democrats of that Committee seem rather wearied by the pedestrian character of the suggestions emanating from the Treasury Department and from all those exercising the executive authority to recommend. Without exception, these high functionaries appear to share a strange incapacity to perceive anything in existing conditions calling for more than mere additions to the existing rates applicable to present income-tax payers, individual and corporate, to the taxation of estates and gifts, cosmetics, tobacco and alcoholic beverages, to transportation, telephones, and telegrams, and to a few other long established objects of exaction.

To the Executive Department the sales tax, in each and every conceivable form, remains anathema, as it has been ever since Mr. Roosevelt, not yet inaugurated as President, intervened to prevent a Democratic Congress from presenting the sales tax measure which it approved for the signature of President Hoover in an hour of urgent national need for higher revenues. The continued opposition of both the President and the Secretary of the Treasury to a general sales tax and to any further lowering of the exemptions which enable so many millions of adult Americans completely to avoid all direct payments of taxes was again displayed by Mr. Morgenthau during one of his press conferences last week. Yet it has become unmistakably evident that a majority of the Democrats of the Ways and Means Committee are now irrevocably convinced that a sales tax, in some practicable and effective form, has become a necessity of the hour. Equally, moreover, most of those who will initiate the new tax measure are determined that legally sanctioned evasions of tax responsibility by so many wage-earners and citizens who are as abundantly able as any others to contribute to the war funds must be stopped by the only means available, a further and material lowering of the exemptions.

All history has demonstrated that the safeguard of every people from excesses of governmental wastes and extravagance can have but one sufficient foundation, the tax-consciousness of the masses whose mass-will must in the long run control the expenditures. Beginning in a very small way, with the first legislation under the Sixteenth Amendment, with its entering wedge of a surtax of only 1%, the masses of American voters were taught that by the easy device of progressive surtaxes upon incomes and exemptions from even the minimum exactions large enough to exclude the great majority of them from the requirement to pay anything whatsoever, there could be one numerically large group controlling the Government and voting the taxes, effectively separated and apart from another and much smaller and politically helpless group by which the taxes were paid. It was this discovery, consciousness of which swept rapidly over the western world during the first two decades of the Twentieth Century, that led to the huge tidal wave of enormous governmental extravagance that has reached its extreme height and its greatest weigh and mass in the United States since 1933.

The retail sales tax and reduced personal income tax exemptions ought therefore to come and to come quickly not only as expedients appropriate and well-adapted to mee the present imminent exigency, but as well because they are the best and most effective available measures for bringing full tax-consciousness home to the greatest possible num ber and an actually controlling and effective number of those whose suffrages will determine the Federal elections throughout the rest of the war and probably throughout the next ensuing decade. There are no other legislative measures within the command of Congress so potentially corrective in their operation and, more than that, the high efficacy of such taxes in the production of revenue is no longer questionable. It has been reliably established by experimentation under the auspices of many States and cities.

Under ordinary circumstances popular opposition to the retail sales tax is widespread and natural. But the conditions of total warfare, chiefly conducted as it now is on the part of the United States upon remote and scattered fronts and with the longest conceivable lines of communication to be kept open as vital necessities, are in no sense ordinary. The people of the United States have accepted this fact with all its manifold implications and have ungrudgingly bowed their backs to accept the immeasurable burdens which it implies. Taxation is among them and burdens of taxation that in happier times must have seemed intolerable will now be accepted without reluctance and borne without murmurings or complaint. Its very unpopularity in better times is sound reason for resorting now to the taxation of sales in retail trade, which ought also to include such personal services as those of the dentist and doctor, the garage-man, the barber, and the beauty-parlor. Popular sentiment will know when the necessity for such taxation has ceased to exist and the overwhelming popular will can be relied upon to obtain its repeal before it produces the effect, common to a surplus in the revenues, which has usually been the fecund source of new extravagances and the continuance and enhancement of old ones. No one pays a retail sales tax except after decision that the commodity in connection with the purchase of which it accrues has a value to him that warrants the whole expenditure, including the tax. In other words, it is an excise somewhat voluntarily assumed, the weight of which, as impinging upon any individual, is at least as much within the control of his separate will as the decision whether he will buy a loaf of bread or a 5- or 25-cent cigar or any other determination as to personal or family expenditure. If it curtails consumption and reduces demand for commodities, especially luxuries, during times when all the resources of power and production are required for actual subsistence and support of military and naval operations, so much the better. It is an effective preventative of inflation in commodity prices and in effect very practically a substitute for enhancements of prices which might aid the unjust enrichment of chiselers and profiteers. If ordinary demand could raise the price of an article to $1.05, and no higher, the market price is not likely to be less than $1.05, but if the sales tax takes five cents upon a dollar purchase, it is not improbable that the same $1.05 will obtain the article and meet the tax that has been imposed. Other marked advantages in a time of emergency are the simplicity of collection, the relative efficiency and low cost of collection, and the indisputable fact that the methods of administration have been thoroughly developed and worked out in the actual and recent practice of numerous States and municipalities. There are other well-established advantages in retail sales taxes. But a final one, which ought to appeal decisively to the Treasury Department, whether it does or not, is that actual receipts from such taxes accrue to the Government almost immediately after enactment. There is no other sort of taxation, calculated to produce any comparable volume of revenue, which so speedily and with such undeviating regularity contributes to the public exchequer. In summary, this tax is easily, cheaply, and speedily collectible, it is not likely to be continued to produce extravagance after the necessity for its enactment has passed away, it is a natural brake upon inflation, and its strong tendency is to promote tax-consciousness where the influence of awareness of the burdens of Federal expenditures has been most dangerously lacking and where such comprehension is most greatly needed at this precise moment of time.

It is natural that a President who has, throughout his whole political existence, found his chief support among those who vote expenditures while supposing themselves to be immune from their payment, should recoil at any suggestion which in practice would make these supporters aware of the financial burdens brought about under his leadership and conscious participants in bearing those burdens. Before Mr. Roosevelt, no President ever derived substantially the totality of his support from those who pay no direct taxes, and he has even improved upon that political advantage by causing the same group to support the diversion to its own pockets and benefit of immense sums which he has had regularly subtracted from the taxes paid by, or the proceeds of obligations incurred upon the credit of, the relatively small class of taxpayers. Yet even he has stated that retail sales taxes may have in time to be considered and, as recently as last Monday, in a radio talk, he declared that the incomes of wage-earners, farmers, and business men had all been recently and materially increased by the war-expenditures. The majority in the Committee on Ways and Means, probably a majority of the Democrats in Congress, and nearly all the Republicans in Congress, believe that the time for favorable consideration and enactment of a retail sales tax has actually arrived. Nothing but strong opposition from Mr. Roosevelt and his Cabinet now stands at all in the way of such enactment and if that opposition is not withdrawn it is not unlikely that the consequences will be a sweeping and humiliating defeat of the Administration. Even now, such opposition and interference from the Executive Department is producing wide dissatisfaction and revolt among Senators and Representatives who have customarily supported the President and the New Deal. Dissatisfaction and revolt in this case are fully warranted and will not diminish. The retail sales tax, according to Mr. Randolph Paul, tax adviser to Secretary Morgenthau, would, at 5%, produce $3,780,000,000 in the first year, that is to say, one half of the whole increase in revenue which the President demands. It ought to be adopted, at not less than that rate, and its ultimate enactment, in consequence of the current discussion and necessities, is to be anticipated. Yet those who recognize the need, ought not to overlook the requirements of vigilance and attention.

The State Of Trade

Business activity generally continues to show an upward trend, though in some areas the conversion from civilian to war production is having a rather drastic effect. Business failures, which had been declining sharply through January of this year, may expand steadily over the next few months because of growing restrictions on supplies, observers state.

A low for recent years was achieved in January when business failures were at the rate of forty five out of every 10,000 concerns in business, according to Dun & Bradstreet Corporation. Last month the rate of industrial and commercial failures rose, and fifty firms out of every 10,000 in business became insolvent. While one month's experience is not conclusive, an upward trend is indicated because of growing limitations on production of non-essential items.

In the food industry, for example, producers of specialty foods face difficulties because of container problems. In retail distribution, store operators in non-industrial areas are facing continually shrinking volume because of reduced purchasing power due to wartime taxation, and the withdrawal of consumers into the armed services.

On the other hand, it is pointed out that an impressive advance in the national production of both durable and non-durable goods has been under way since the turn of the year, despite all retarding factors, and further gains for industrial output of possibly sensational scope were seen in immediate prospect by officials at Washington, who predicted a rise in the Federal Reserve Board index of industrial production from the December, 1941, level of 167 to the 190 mark or better, by the end of 1942.

Moreover, informants who took note that industrial unemployment has not been rising for several weeks, while total unemployment for the country has actually declined some 200,000 from 4,000,000 to 3,800,000, were forecasting a steady reduction over the closing months which would bring the total down to 2,900,000 by late fall, notwithstanding the influence of conversion programs, curtailment orders and raw materials shortages for civilian users.

The heavy industries continue to show wide gains over last year's figures, though showing light weekly setbacks from time to time. The production of electricity dropped 0.5% in the week ended March 7, to 3,392,121,000 kilowatt hours from the 3,409,907,000 generated in the preceding week, according to the Edison Electric Institute. This was an increase of 12.9% over the 3,004,639,000 produced in the 1941 week.

Loading of revenue freight for the week ended March 7, totaled 770,697 cars, according to reports filed by the railroads with the Association of American Railroads and made public recently. This was a decrease of 10,722 cars from the preceding week this year, 28,080 cars more than the corresponding week in 1941 and 150,101 cars above the same period two years ago.

This total was 126.60% of average loadings for the corresponding week of the ten preceding years.

Steel production in the United States will establish a new all-time production high this week for the third successive period, the American Iron & Steel Institute announces. Output is scheduled at 97.9% of capacity, indicating a 1,663,000 ton output. Last week, the previous high, 97.4% of facilities were operated, with total production 1,654,500 tons.

A month ago operations were on a basis of 96.2%, or 1,634,000 tons for the week. For the like 1941 week production was 1,604,200 tons.

Major engineering construction in February reached $634,823,000, and averaged $158,706,000 for each of the four weeks, second only to the record average of $191,733,000 reported for July, 1941. The current average, which topped all previous February marks, according to Engineering News-Record, was 50% higher than the corresponding 1941 month and up 20% compared with January, 1942.

Federal construction was primarily responsible for the near-record volume, climbing 171% over the average for the month last year, and 32% over last month, to reach the second highest average ever registered. The stepped-up pace of Federal work boosted public construction 89% over a year ago, and 22% above a month ago, to its second highest peak. Private work exceeded the January weekly average by 70%, but was 50% below February, 1941.

The Federal Reserve Board estimated that department store sales in the week ended March 7, were 28% larger than in the corresponding week last year.

In the week ended Feb. 28, sales were 19% above last year, and in the four weeks ended March 7, they averaged 23% more than in the similar period last year.

It is increasingly evident that the country is becoming aroused at the continued mild attitude of the Administration towards labor and the failure to restrain the farm bloc in its latest moves. Latest advices from Washington state that Administration leaders in Congress were trying to appease demands for immediate enactment of anti-labor legislation with assurances that some form of anti-inflationary wage control is being considered.

"Demands for a 'crackdown' on labor, which started again as a rumble last week, reached a roar in Congress Monday when members asserted that their mail from home was large and loud on the subject of the 40-hour week in war industries, closed shop disputes, and time and one half payment for overtime.

"Congressional leaders advised President Roosevelt at the White House that the House and Senate were on the verge of enacting labor legislation of their own making unless an Administration program is supplied at once."

President Roosevelt was understood to have advised his legislative leaders, the Associated Press reported, that the whole labor production problem — involving questions ranging from a "wage parity" to temporary suspension of the 40-hour week—was being reconsidered by the Administration.

Rubber Footwear Is Price-Fixed by OPM

Maximum manufacturers' prices for waterproof rubber footwear have been established as a result of individual agreements negotiated between the Office of Price Administration and manufacturers at a recent meeting in Washington, Price Administrator Leon Henderson announced on Mar. 11.

It is stated that the agreements establish prices that are in no case higher than those in effect Dec. 3, 1941, when Mr. Henderson requested manufacturers not to effect price increases. Prices on a substantial number of items are lower than the Dec. 3 level.

These price decreases reflect the reduction in crude rubber content ordered by the War Production Board to conserve the rubber supply. Press advices from Washington also state:

> The agreements also provide that all discount schedules that were in effect on Dec. 3 are to be retained. OPA officials pointed out that the agreements establish maximum prices only and that firms may sell at less than these levels.
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> These are the first agreements of this kind negotiated by Mr. Henderson under the power granted him in section 5 of the Emergency Price Control Act of 1942. This section permits the Administrator to negotiate agreements for the stabilization of prices directly with manufacturers.
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> This method is reported to have been especially useful in the case of waterproof rubber footwear, as manufacturers had never before produced items exactly comparable to the new "Victory Line" of boots, arctics and rubbers.

Helfferich Elected President Delaware Co. Bankers

Donald L. Helfferich, Executive Vice-President of the Upper Darby National Bank, Upper Darby, Pa., was elected President of the Delaware County Bankers Association at its annual meeting on Mar. 11. Mr. Helfferich is also the Administrative Vice-President of Ursinus College, Collegeville, Pa, and serves as a director and officer in several manufacturing companies and a retail merchandising company.

THE FINANCIAL SITUATION

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must win this war. Therefore I will work; I will save; I will sacrifice; I will endure; I will fight cheerfully and to my utmost, as if the issue of the whole struggle depended on me alone." It has been picked up, published, and republished by others who, like so many, seem almost to die daily lest the rank and file of the people of this country do not take this war seriously enough.

To be sure, the sentiment expressed in these sentences is admirable. There are many—those in the fighting forces, those at work in this vast arsenal we are endeavoring to build, and others—for whom they form in one degree or another a fitting rule of conduct. At the same time there are a great many who had best continue about their accustomed work, saving as best they may, sacrificing when sacrifice is indicated, remaining as cheerful as may be, but not cherishing the idea of making any important direct contribution to the war effort, and certainly not working themselves up to the pitch of emotion here suggested. Many, if not most, of the evils that have so beset the OCD had their origin in the strange idea of some duty-bound universality of direct service. One of the most useful services many of us can render is to mind our own business and keep out of the way. Certainly we need no martyr psychology.

Apostles of Martyrdom

It appears at times that there are a good many who foolishly suppose that the people of this country have developed or can be persuaded to develop a great yearning for martyrdom. This we doubt, but even if it were true satisfaction of it by some of the means now being proposed would not help win the war but, on the contrary, hinder its successful prosecution. The Secretary of the Treasury appears to be one of the leaders in this school for American martyrdom. Once upon a time, it was supposed to require considerable political courage to come forward with a crushing tax program; now Mr. Morgenthau appears quite certain that the larger the tax demands made, the more popular will be their reception. We are quite ready to leave the political aspects of the subject to others, but candor and the true interest of the country demand a warning here that there is such a thing as over-taxation even in war time. Certainly, taxes upon a minority of the people can reach a point where they can do great harm even to the cause in whose name they are invoked. The Treasury's proposals appear definitely to fall into that category. The National Association of Manufacturers, usually clear-headed and sound in its ideas concerning public questions, has come forward with suggestions of its own. It is not clear in what degree it conceives of its program as replacing that of the Secretary of the Treasury and in what degree it would supplement the Treasury's, but the Association certainly appears to have little fear that American business may be seriously and permanently crippled by over-taxation. Let it not be forgotten that not only the defense industries as such but many other branches of American business must continue to operate in very substantial measure if we are to see this war through to a successful conclusion and not find ourselves an economic wreck when the fighting has stopped.

A number of other men in public life, notable among them Leon Henderson, appear to deserve a place by the side of the Secretary of the Treasury as apostles of martyrdom. How often do we hear it said that in this country or that country the people have been obliged to do without in a measure far exceeding anything as yet attained in this country—as if doing without was of itself a virtue likely to contribute to the cause? But whatever the general rationale, if any, underlying many of the actions now taken in the name of victory, the fact remains that *unnecessary* disruption of normal business is of no advantage to any one. Indeed it merely serves to weaken the nation both at present and in the future. It would, of course, be difficult for the ordinary man to be certain in each instance whether given steps are really necessary, at least in the drastic degree to which they go, but it is equally difficult for the thoughtful man to bring himself to believe that the government at Washington is not permitting vague ideas about the virtue of sacrifice, the long existing dislike of business in any event, and other foolish notions to lead it into extremes in its dealing with the civil population in general and with business in particular.

For a long time, too, there has been hovering in the background the notion that everything except the winds and the waters ought to be "drafted" and put to work by an all-wise, far-seeing, and all-efficient Government. In many instances, this is but a natural extension of the obsession of a managed economy, made all embracing in this new emergency. It will be recalled that long ago the President favored registration of virtually every one in the nation with a view to managing the then defense effort, and apparently the lives of some 130,000,000 people. The idea has apparently never been abandoned. The President rarely abandons an idea. Recently there have been many reports and several "trial balloons" concerning such a scheme. Many in places of influence have repeatedly expressed the view that labor, capital and everything and everybody else in the country should be "drafted" for such service, military or otherwise, as the Government thought they could best give. The idea thus vaguely and easily expressed has apparently appealed to many unthinking persons. It is so easy to say that since the young men of the country are being "drafted" to do the fighting, all others and their property ought to be treated similarly—and to many who do not stop to think, it sounds "just" and "fair."

Not For Us

The fullest and perhaps the most cogent exposition of this general idea to come to our notice appeared in the London "Times" on Tuesday, last, from the pen of Sir William Beveridge, an economist of considerable standing and influence in Great Britain. This deliverance will, we feel certain, have important reverberations in Washington. From it we take the following excerpts as they appeared on Tuesday in a special dispatch to the New York "Times":

"We have continued to rely upon individual capitalism with its accompanying machinery of wage bargaining, even though the excess-profits tax and other financial relations between the State and business managers have deprived both private capitalism and wage bargaining of their logical bases. We have left vital production in the hands of individuals whose duty it was to consider not solely the needs of the nation at war but the interests of shareholders and what would be the position of their business after the war.

"We have allowed some farmers' spokesmen to talk as if putting their utmost effort to use our land depended upon the terms of a price bargain. We have generally, against the advice of economists, treated our work people as if they were 'economic men' not amenable even in war to any stronger motive than personal gain.

"Meanwhile, the State has set out on the direct employment of all men without taking responsibility for insuring a fair distribution of income. The main evil of this economic policy is not the bogey of inflation, nor is it that a few people may make large profits or large wages; it is the evils that lie partly in the indefensible and dangerous inequalities that have resulted between civilians and members of the fighting forces and between different civilians and businesses; partly in the fact that bribery by price or wage is often an ineffective spur to output.

"The time calls for two changes — first, for the State to take direct responsibility for the control of vital industries and for the distribution of income; second, for the assertion of the principle that service rather than personal gain should be the mainspring for the war effort in industry as in fighting. To say that wage and price bargains are out of place in the war is not to criticize the actions or deny the value of associations of work people and employers.

"Trade unions are an essential element in British democracy, and for peace I at least want trade unions after the British model—autonomous associations pursuing sectional ends — rather than trade unions after the Russian model, associations organized from above to serve the purposes of the State. But is it too much to suggest that, in the war and for the war only, our trade unions should become, after the Russian model, conscious agents of national policy?

"To say again that service rather than gain should be the main motive for all men's acts in the war is not to say that exceptional effort should never receive a special reward; exceptional effort—to put it no higher—needs exceptional sustenance and freedom from economic care. But to treat private gain as a dominant motive in the war effort is to slander our people; the British work people are not by nature profiteers and can be made to act as profiteers in the war only by mismanagement or misleading.

"If it is true that the output of our factories improved suddenly when Russia came into the war, this does not mean the workers are stupid, preferring Russia to their own country; it means that in war the most effective spur to heroic efforts is an idea, not hope of personal gain."

It is, of course, not for us to undertake to tell Great Britain how best to manage its affairs. Choice of a system which will best serve its purposes is obviously its responsibility. It has long been clear that the system which gives best results in one country is by no means necessarily the system that will give the best results in another. This essential truth has been hard for some of us to learn, but it is

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Urges Allocating 50% Of Cotton Textile Production For Preferred Contracts

Immediate steps to make possible the allocation of at least 50% of cloth production to contracts bearing an approved preference rating will be urged upon cotton textile mills by merchants representing them in Worth Street, New York City, the nation's primary cotton textile market, according to a statement issued to members of The Association of Cotton Textile Merchants by their War Activities Committee on Mar. 11. It was stated also that this step has been taken in advance of present requirements in order that the industry may be prepared to meet possible future expansion of war needs. Text of the statement follows:

> After thorough consideration of the current and potential expansion of fabric requirements by the Army, Navy and other Government procurement agencies, the lend-lease program and essential civilian uses, the War Activities Committee of this association recommends that our members encourage the participation of each mill at least to the extent that 50% of its entire production be allocated to contracts that bear an approved preference rating.
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> Consolidated requirements already issued on cotton duck, drills, sheets, comforters and blankets, are generally far in excess of 1941 purchases. Similar procurement programs for other fabrics and articles are undoubtedly in course of preparation. To fulfill these demands, in the opinion of the Committee, will require the utmost ingenuity of the industry and a major job of plant conversion. This condition will not become general until each unit assumes individual responsibility for the success of the war program. Until everyone is doing his part, there can be no real satisfaction over our effort.

W. Ray Bell, President of the Association of Cotton Textile Merchants, who signed the statement for the War Activities Committee, predicted that distribution of cotton textiles will be guided more and more by the necessities of the War Production Board in Washington. "The present action of the War Activities Committee," he said, "has been taken in an effort to anticipate adjustments which we feel may be inevitable." Mr. Bell also said in part:

> Although the industry has continued to produce at new record levels each month, and there is every reason to expect 1942 production to exceed the high record set in 1941, only through prompt and systematic replanning of the use of all our production facilities shall we succeed in meeting the new demands which are being and will be made upon us.
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> Experience has shown that priorities limited to actual procurement needs of the Army and Navy make necessary some readjustments in distribution through civilian channels of textiles essential to the national welfare—articles like bags for agricultural products, work clothing for war industries, etc.
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> We are also facing abnormal demand for coarse cotton fabrics to replace actual and impending shortages of jute and burlap, which are imported from India. We use around 900,000,000 yards of burlap yearly—but demand for sandbags, camouflage nets, and other war uses might expand our requirements beyond any present estimates. Current stocks are being held for such uses, but expanded needs would cause additional strain on the production facilities of the cotton textile industry, which would be called upon to supply substitute fabrics.

Inflation And Price Control Discussed By N. Y. Reserve Bank In Annual Report

Indicating that "the rapid expansion of consumer expenditures, together with the prospect of curtailment of the production of a number of kinds of consumers' goods, created, for the first time since the war began in 1939, a definite threat of inflationary developments," Allan Sproul, President of the Federal Reserve Bank of New York, in the annual report of the bank for the year ended Dec. 31, 1941, declares that "our main hope of avoiding inflationary developments which will obstruct the war program and plague us in the postwar period, lies in coordination of all policies which can help to limit costs and close the gap between consumer incomes and the available supplies of consumers' goods. Mr. Sproul goes on to say:

> Apart from controls over production, prices, and the distribution of scarce goods, this will require restraint upon the remuneration of groups whose incomes are tending to increase disproportionately, avoidance of credit expansion that would contribute unnecessarily to incomes, and the transfer of much of the community's income from consumption expenditure to the financing of the war. Much more drastic taxation than we have thus far experienced will be required, and the amounts which the Treasury must borrow should be obtained as largely as possible from nonbank sources. At best, however, bank purchases of Treasury securities on a large scale appear to be inevitable during the war period. In view of these considerations the monetary and fiscal developments of the past year are significant.

Discussing rapidly expanding business where there are accompanying indications of a tendency toward price rises the report observes that "it would be considered appropriate to adopt a strong policy of restraint on expansion of credit" and in pointing out that "it appears that there is great need for coordination of all types of possible action that may be effective in restraining inflationary tendencies without interfering with the war effort or with the development of maximum production." The report states:

> Credit policies cannot be adopted without reference to fiscal policies. Fiscal policies cannot be satisfactorily executed without reference to credit policies. And price control and rationing policies must depend heavily upon both credit and fiscal policies. There is need, therefore, in the consideration of any particular line of policy, for adequate consideration of the interrelationships and ramifications of all other types of policy actions.

Leading up to this conclusion the report has the following to say on coordination of credit policy with fiscal policy and other Government policies:

> Ordinarily in a period of rapidly expanding business, especially when there are accompanying indications of a tendency toward a rise in prices, it would be considered appropriate to adopt a strong policy of restraint on expansion of bank credit. Under war conditions, however, those who are responsible for credit policy are faced with a dilemma. Strong action to check credit expansion, by absorbing all surplus bank funds and forcing the banks to borrow from the Reserve Banks to meet further demands on them for credit or currency, would almost inevitably interfere with the war financing which must be done by the Treasury. There is little prospect that the Treasury can avoid reliance upon the commercial banks to provide substantial amounts of the funds required to finance the war effort, and hence that credit expansion can be avoided entirely. Furthermore, a substantial volume of bank loans may be required to finance war contracts. Consequently, the sort of credit policy that would normally be appropriate at a time when inflation is threatened, can hardly be adopted in a war economy.
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> A possible alternative to quantitative measures of control (measures designed to absorb bank reserves and thus to curtail the lending power of the banks), is the use of qualitative or selective controls over credit. The control of consumer instalment credit previously commented upon is an illustration of this type of credit control. The qualitative or selective type of control does not restrict severely the over-all lending power of the banks, and therefore does not create money market conditions which interfere with necessary financing. It does carry with it, however, other difficulties and dangers which must make its extension a matter of careful study.
>
> In any case, under present circmstances, sole reliance on either quantitative or qualitative credit controls for restraint of inflationary tendencies is not feasible. The total volume of bank deposits and currency in the United States is now so large that, even if it were not added to by further extensions of credit, inflationary developments in prices might be promoted by more active use of the existing money supply. So long as there is a material disparity between consumer income and the available supplies of consumers' goods, there is likely to be inflationary pressure upon prices.
>
> The gap between consumer income and supplies of consumers' goods is beyond the reach of credit policy, but is particularly within the range of fiscal policy. That is to say, the gap may be narrowed by taxation or by the stimulation of savings and their diversion to Government financing. However, fiscal policy also has its limitations. A drastic and indiscriminate increase in taxes, for example, may so reduce the income of groups whose incomes are relatively fixed as to exert a deflationary influence upon industries and services that do not compete with the war effort, while at the same time the net income of other groups, even after provision for taxes, may continue to rise and may continue to exert an inflationary influence on prices of consumers' goods the supplies of which must be limited during the war period. Furthermore, tax policies and efforts to finance war expenditures as largely as possible out of savings, must be considered together, as they will necessarily overlap and conflict to the extent that they draw upon the same sources of funds.
>
> Similarly, it does not seem feasible in this country to place sole reliance for restraint on inflationary tendencies upon price control. Price controls applied to limited groups of prices may retard, but can hardly stop, the rise in prices generally in a war period. On the other hand, an attempt to apply price ceilings to all types of goods and services would involve a tremendous problem of enforcement, especially if the gap between consumer purchasing power and supplies of consumers' goods continues to widen. Price controls may be supplemented by priorities, allocations, or rationing of the available supplies of goods, but even under such circumstances there is great danger of the development of "black markets," which apparently have not been entirely eradicated in Europe even where the most drastic efforts to police the distribution of goods have been made .
>
> Furthermore, a policy of relying upon the imposition of arbitrary price ceilings to prevent inflation also involves the difficulty of requiring special action to meet the problem of the high cost producer. It is clearly desirable as one part of an anti-inflationary program, to obtain maximum production, yet the fixing of price ceilings at levels which do not permit operations by high cost producers tends to accentuate the problem, to some extent, by keeping production below the maximum, unless special measures for compensating high cost producers can be devised and made effective.

The report, which was issued on March 12, observes that "the most important event of 1941 lies mainly beyond the scope of this report." It continues:

> Our entry into the World War last December will have its effects in 1942 and afterwards. Yet it seems best to begin this review with some reference to that momentous event, for it marks the termination of one phase of our experience as well as the beginning of another and establishes the plane of comparison between what has thus far happened and what is yet to come.
>
> * * *
>
> In 1941 the main emphasis was still on general expansion, and we departed from "business as usual" only to a limited degree and in special situations. Under the stimulus of the defense expenditures, which rose from about $600,000,000 in January to three times that amount in December, the national income paid out increased to the record-breaking total of $89,000,000,000, compared with $76,000,000,000 in 1940, $71,000,000,000 in 1939, and $82,000,000,000 in 1929. The expansion was very broad, embracing both durable and nondurable goods, for both military and civilian uses. But as the year went on and the defense program became larger it became increasingly apparent that civilian production and consumption were beginning to compete dangerously with military expenditures. Retail sales in 1941 are estimated at $53,600,000,000, the increase of 17% over 1940 matching almost precisely the percentage increase in national income payments to individuals. In the first half of the year there was a tremendous wave of durable goods buying by consumers, which was due partly to increased consumer incomes and partly to anticipations of curtailment of output. For the year as a whole sales of durable consumer goods were up 22% over 1940 and nondurable goods 15%.

The report points out that "the rise of prices apparently accounted for about one-third of the expansion of national income in 1941 and nearly half of the increase in retail sales." It adds that "predominant in the advance of wholesale prices was the rise in prices of food and other farm products." Continuing, it says:

> These rose 23% and 36%, respectively, in 1941, to levels 35% and 55% above those of August, 1939. The rise in prices of these products constituted the most important cause of increased urban living costs and, in so far as it related to industrial raw materials, contributed to higher costs of producing finished goods. Another important cost and price increasing factor was the advance in wage rates. Average hourly wage earnings in industry increased more than the cost of living. Strikes, many over wage rates, were unusually prevalent. One of our chief inflationary dangers is that of a vicious spiral developing between these two important elements of the price level. A rise in either creates strong pressure for a rise in the other, both exert a powerful influence upon cost of production, including the cost to Government of the war program, and both greatly affect the cost of living of the community in general. Unless means can be found to prevent an indiscriminate rise in industrial wage costs and agricultural prices, as well as in business profits and nonagricultural prices, there is little hope that prices and costs in general can be controlled and inflation prevented.

Reference to the bank's foreign relations is made in the report, which says:

> After reaching a new high level of $1,280,737,000 on April 22, 1941, the total of foreign deposits with this bank fell to $771,625,000 at the end of the year, compared with $1,130,945,000 at the close of 1940 and $397,380,000 at the close of 1939. Gold held under earmark for foreign accounts rose fairly steadily and attained a new high record at the end of the year, amounting to $2,215,351,000 on Dec. 31, 1941, compared with $1,807,673.000 a year previous and $1,163,004,000 at the close of 1939.
>
> There was no change during 1941 in the balances which this bank holds abroad for its own and other Federal Reserve Banks' accounts; the total of such balances remained at approximately $46,700. No commercial bills denominated in foreign currencies have been held abroad since October, 1939.
>
> The short term loans, secured by gold earmarked at this bank, which had been made to a Latin-American central bank in 1940 and which were outstanding at the end of that year in an amount of $947,000, were fully repaid early in 1941. Only one small loan—of $200,000 to the same central bank—was made in 1941, and this loan was repaid before the close of the year.

Crowley Named Alien Property Custodian

President Roosevelt issued an executive order on Mar. 11 setting up within the Office for Emergency Management the Office of Alien Property Custodian, with Leo T. Crowley as head. Mr. Crowley, who is Chairman of the Federal Deposit Insurance Corp., will retain that post and in his new capacity will serve without compensation.

Prior to the issuance of the order the Treasury Department had control over the estimated $7,000,000,000 of alien assets which the Government has frozen under the Trading With the Enemy Act.

At a joint press conference on Mar. 12, Secretary Morgenthau and Mr. Crowley explained that the transfer of control will be gradual. Mr. Crowley said that he planned to work primarily on alien business enterprises and that control of foreign funds will remain under the Treasury Department. It was further said that general and special licenses which have been issued by the Treasury for the control of foreign funds will continue in effect.

It had been assumed that the Treasury would continue to control these assets since Secretary Morgenthau recently made public the order delegating such powers to him. As was mentioned in our issue of Mar. 5, page 945.)

According to advices to the "Wall Street Journal," Mar. 12, from its Washington bureau, not all of the Treasury's powers over foreign assets necessarily are lost due to yesterday's executive action. The advices added:

> To a considerable extent, Mr. Crowley's authority to control alien property is selective, i.e., he can take under his supervision as much or as little of the property as he desires. It is thought likely that he will devote most of his energy toward foreign-owned or controlled business enterprises which may be continued in operation.

The account in the "Wall Street Journal" also states that the order under which Mr. Crowley serves specifically delegates to the new Alien Property Custodian the authority of the President or his appointed agency to prescribe that alien property shall be "held, used, administered, liquidated, sold, or otherwise dealt with in the interest of and for the benefit of the United States." From the same advices we quote:

> That is the power which the Treasury recently obtained and which gave it authority to vest control of General Aniline & Film Corp. of Delaware, in Secretary Morgenthau.
>
> The new management of General Aniline, which was announced by the Treasury Tuesday night, will not be disturbed by the transfer of duties to Mr. Crowley. It is understood Mr. Crowley was consulted regarding the selection of the company management beforehand and that he has no plans for changing it.
>
> It is expected he will allow the Treasury to continue its current work on "Americanizing" those companies, which means principally getting rid of key personnel who are suspected of having connections with or sympathy for the Axis powers. The Treasury, for example, already has suspended members of Schering Corp.'s staff and was planning as a second step to take over stock control of the corporation.

Special advices to the New York "Times" from Washington Mar. 12 said:

> Mr. Morgenthau and Mr. Crowley explained that the Federal Reserve Bank of San Francisco, in cooperation with the military authorities of that area, would continue to administer alien properties on the Pacific Coast. Mr. Crowley indicated there would be a decision shortly regarding Japanese farm lands there.

OPA Puts Price Ceiling On Used Tires, Tubes

Price Administrator Leon Henderson established on March 10 maximum price ceilings for used passenger car and truck tires and tubes, to become effective on March 16. The action was taken, it is stated as a result of complaints received by the OPA of "price gouging." Using prices existing between Oct. 1 and 15 as a guide for establishing the ceiling prices, the OPA divided used tires into four categories according to the tread wear and fixed prices based on the size and condition. With respect to maximum prices for tubes, the OPA set a ceiling of $1.50 for all sizes of passenger car tubes and of $2 to $14 for truck tubes, depending on size.

Mr. Henderson said the ceiling was intended to maintain reasonable prices in "the only remaining market for tires and tubes open to the ordinary citizen who cannot satisfy rationing regulation requirements for purchase of new or retreaded tires."

THE FINANCIAL SITUATION

(Continued from Page 1148)

truth nonetheless. Each country has its own traditions, its own predelections, its own national habits, and each entered this present conflict with its own economic and social system which differed, often drastically, from that of other countries. What we do feel quite certain of is that Sir William's plan, far from aiding or stimulating the war effort in this country, would very seriously, perhaps disastrously, impede it. That is, if we are to win the war within, say, the next five years. It is conceivable (although even then we should be rather more than skeptical) that if the conduct of "total war" in all parts of the world is to be foreseen as our all-absorbing pre-occupation for the next quarter of a century, and if we could afford to devote the next two or three, perhaps four or five years to reorganizing and remaking our economic and social systems rather than to full production and the most efficient conduct of the war, at least on its economic side, we should in the end profit by some such experiment. Obviously, however, this is not the situation by which we are faced. We shall either win or lose this war long before we should be able at best to effect the changes indicated and get the new arrangements to functioning smoothly and effectively, even if we assume, which we cannot assume safely, that it would be possible at once to command the full support of all the people and the best management that the country could afford.

Overdoing It

It is well understood, of course, that a democracy in which free enterprise is dominant, faces many problems when it undertakes "total war," many problems not encountered in a nation where every man, woman and child has long been a slave of the State. It may be assumed, that certain concessions to state control are necessary in times of large scale war, which would never be tolerated at any other time. We may expect that the resulting temporary system will embody "compromises," theoretical illogicalities and inconsistencies and even anomalies. Yet it is our conviction, and we believe it to be likewise the conviction of most thoughtful Americans, that democracies normally possess offsetting advantages which can be made greatly to outweigh its disadvantages over such dictatorships as Russia, Germany and Japan, and, obviously, to retain the advantages of democracy, we must preserve democracy and the free enterprise system so far as practically possible even in times of war.

This is not a matter merely of saving the system we are supposed to be fighting to protect. That is important enough, but here we have to do with ideas and schemes which could cause us to lose the war. Plainly the Government is having grave difficulty in getting its already bloated bureaucracy to function even reasonably well. What on earth would it do with another two or three million men and women who would be essential if everything is to be directed from Washington, as everything in Russia is directed from Moscow? If it be asserted that Russia has done surprisingly well against the Germans, the obvious reply is that it is the United States and not Russia that is under discussion. What Russia has done or what Russia could have done under some other system is wholly beside the point. The traditions, the habits, the aptitudes and the temper of the Russian people are as different from ours as night is from day—and Russia, let it not be forgotten, spent years getting itself organized before even a start could be made on preparation for this conflict. Apart from any other considerations we shall win this war, if we win it at all, the American way.

So much for these frankly revolutionary proposals which would have us go to work directly, frankly and upon a mammoth scale to remake our economic and social system. It is a little difficult, despite all that is being said, to imagine the people of this country "going over-board" in the way thus suggested. We are, however, obviously even now moving step by step in precisely this direction, probably without having more than a vague suspicion, at most, of the fact that we are so doing. Regulation follows regulation almost daily which touch all manner of people most uncomfortably—and the resulting "red tape" and confusion is crippling, even killing, many business enterprises which will serve the country in both war and peace. The deadening hand of unnecessary governmental regulation is already heavy upon the land, and is growing heavier and more deadly day by day. We must guard against not only the sweeping paralysis that would be inflicted by such proposals as that of Sir William but also against the creeping paralysis which has already set in. It would be well if the people of this country were to form the habit of scrutinizing each new (and those already in force, for that matter) regulation or restriction to determine for themselves whether it is really essential or even helpful in this war effort—or at least to ask to be shown why they are essential.

Pro, Con Fed. Sales Tax—Morgenthau Opposes As Severe Burden To Lowest Income Group

Following the submission by Secretary Morgenthau to the House Ways and Means Committee on Mar. 3 of the Treasury's tax program, to raise $7,610,000,000 in new revenue, Mr. Morgenthau again appeared before the committee on Mar. 9, when he voiced his opposition to proposals of members of Congress seeking to lower personal exemptions or favoring the enactment of a general sales tax. Extended reference was made in these columns Mar. 5 (page 952) to the tax recommendations of Secretary Morgenthau; in proposing that the individual income tax be changed to yield approximately $3,000,000,000, or about 60% more revenue than under the present law, and that $3,060,000,000 additional be raised from increased corporation taxes, Mr Morgenthau pointed out that the proposed schedules involved "no further lowering of the personal exemptions, which now begin at an income of $750 a year for a single person and $1,500 for a married person, with a credit of $400 for each dependent." Regarding Mr. Morgenthau's testimony before the House Ways and Means Committee on Mar. 9, advices to the New York "Journal of Commerce" from its Washington bureau on that date said:

> As the Ways and Means Committee received its first public reaction to the $7,610,000,000 tax program of the Administration, Secretary Morgenthau charged that the groups advocating lower exemptions or a general sales tax are trying to shift the tax load from their shoulders to the shoulders of those least able to bear it.
>
> He charged the groups with misconception in arguing that it is the low income groups which are causing the greatest threat of inflation. The low income groups are in no position to cause inflation through their purchases, he asserted.
>
> The Secretary cited figures to show that a single person earning $750 a year now pays $130 in existing, Federal, State and local taxes, or approximately 17.3% of his income. A married person with no dependents earning $1,500 a year pays $250 in Federal, State and local taxes, or 16.7% of his income.

From the "Wall Street Journal" of Mar. 10 we take the following as to Mr. Morgenthau's presentments to the Committee on Mar. 9.

> Mr. Morgenthau said he felt he could justify proposed increases in excise levies on special commodities like cigarettes, soft drinks, candy and chewing gum because they are semiluxuries. "If a person can afford to buy those things, he can afford to pay a tax on them," he said.
>
> He added that does not hold true in regard to milk, bread, meat and other necessities.
>
> Asked if he is satisfied that those who have incomes not greater than the personal exemptions do not have purchasing power which would cause inflation, the Treasury chief replied: "I am satisfied."
>
> He also said that he thought the Government was justified in suggesting increased social security taxes because the program is a "savings bank for working men." It is a method whereby money is set aside for the people by the Government and given to them when they need it, he added.

Later hearings before the House Ways and Means Committee have developed more or less interest in sales tax proposals as a means of raising revenue, and in the Baltimore "Sun" of Mar. 12 it was stated that a request was made by the Committee to the Treasury Department on Mar. 11 for statistics as to the likelihood of the yield from that source.

In response to the Committee's request, Randolph Paul, Tax Adviser to Secretary Morgenthau presented to Committee members on March 16, statistics on various types of sales taxes according to the Associated Press, which reported Mr. Paul as saying in a memorandum:

> "For a variety of reasons, any type of general sales tax would not affect all tax payers uniformly. Even though levied on all items at a uniform rate, a sales tax of whatever form is unlikely to affect all prices equally."
>
> Members of the Ways and Means Committee have been considering the advisability of resorting to some form of sales tax to help raise $7,000,000,000 as an alternative for Secretary Morgenthau's recommendations for steeply increased individual and corporation taxes.
>
> Mr. Paul's statistics showed:
>
> 1% retail sales tax, $1,014,000,000.
>
> 10% retail sales tax, $9,702,000,000.
>
> 1% manufacturers' sales tax, $759,000,000.
>
> 5% manufacturers' sale tax, $3,780,000,000.
>
> 10% manufacturers' sales tax, $7,471,000,000.
>
> He estimated that if sales to the Federal Government were exempted, the 5% retail sales tax yield would drop to $3,113,000,000. If exemptions also were given to food, medicine, clothing, fuel, sales to States, local governments and to war contractors and to items now subject to excise taxes, the yield would become $394,000,000.
>
> Later, statisticians for the Joint Congressional Internal Revenue Committee submitted tables showing comparable bases for taxes, which would produce these yields:
>
> 5% overall retail sales tax, $2,705,000,000.
>
> 5% overall manufacturers' sales tax, $3,875,000,000.
>
> The Treasury and joint committee's estimates were about the same on the manufacturers' sale tax but were far apart on the retail sale tax because the Treasury attached greater importance to sales to Federal, State and local governments.

On Mar. 10 proposals for the enactment of a retail sales tax and moderately higher corporate and individual income levies to raise $5,000,000,000 in new revenue were presented to the House Committee in behalf of the New York State Chamber of Commerce by W. J. Schieffelin, Jr., a member of the chamber's taxation committee, who advised that the problem of raising the rest of the $7,610,000,000 revenue be deferred until next Fall. Reporting this from Washington Mar. 10 the Associated Press stated:

> He made these recommendations:
>
> 1. Raise $4,000,000,000 through a "war retail sales tax" with rates ranging from 2% to 10%.
> 2. Raise $1,000,000,000 by moderate increases in corporation and individual income taxes.
> 3. Raise another $2,000,000,000 next Autumn after experience with the sales tax and higher corporate and individual rates.
>
> In addition, he said, Congress should make even greater savings in non-defense expenditures than the $1,300,000,000 recommended by a joint Senate-House economy committee.
>
> "We have had in mind for months recommending a withholding tax collected at the source on gross incomes paid out to individuals," he said.

A $7,600,000,000 tax program featuring a $4,400,000,000 sales tax and moderate increases in individual and corporate tax rates was proposed to the House Committee on Mar. 12 in behalf of the National Association of Manufacturers by J. Cheever Cowdin. The latter's proposal, said the Associated Press, called for only one-third of the increases in individual and corporate tax rates proposed by Secretary Morgenthau, and contemplated making up the difference through either a manufacturers' or retail sales tax which Mr. Morgenthau opposed.

The Associated Press advices likewise said:

> 1. A 4% manufacturers' tax, imposed at the point of final sale, together with a 4% war tax on general consumption at the point of final sale, or
> 2. An 8% war tax on general consumption at the point of final sale.
>
> The first combination would yield $4,400,000,000 and the second $4,800,000,000, he said.
>
> For corporations, Codwin proposed a combined normal and war tax of 40%, compared with the Treasury's 55%, and a 90% excess profits tax, compared with the Treasury's recommendation for graduated rates starting at 50% on the first $20,000.
>
> He said that the N. A. M. recommendations would yield $1,500,000,000 in corporate revenue.

Assertions that the N. A. M. proposals would work to the advantage of the large corporations and the disadvantage of the smaller ones was made by Representative Cooper (Democrat) of Tennessee on Mar. 13. To quote from the Associated Press:

> Mr. Cooper said that under the N. A. M.'s proposals, a corporation with $100,000,000 net income would pay $40,000,000 and under present law would pay $57,528,000, and, speaking of the difference, said: "That would be the amount of money lost to the Treasury under your plan and here we're called upon in this critical hour to raise $7,000,000,000."
>
> Mr. Cowdin retorted that the organization's plan would yield $1,500,000,000 more from both large and small concerns than they currently pay. "But your plan does favor the largest ones," Mr. Cooper insisted.
>
> Mr. Cowdin sharply disagreed, saying that the only companies which might be aided in that respect were those whose earnings are between 100% and 200% of their base credit, based on pre-war profits. "You soak the smaller ones still more and let the big ones out," Mr. Cooper remarked.
>
> In questioning Mr. Cowdin, Mr. Cooper developed that the N. A. M. recommended no tax-rate differential be made between large and small companies while present law gives an advantage to concerns with less than $25,000 net income. Messrs. Cowdin and Cooper agreed that there should be some differential and Mr. Cowdin said that question was one he forgot in presenting his program.

According to Washington advices to the "Wall Street Journal" of Mar. 14 a poll of the House Ways and Means Committee, including all except two members, showed that a sales tax is favored by a majority of three. There is strong sentiment in this majority for a graduated retail sales tax, said the advices which added:

> Meanwhile, influential committee members were conferring with the staff of the joint Congressional Committee on Taxation on the shape of a revenue program which includes a sales tax. They discussed outlines of proposals which would raise:

1. $1,500,000,000 from a sales tax.

2. Between $2,310,000,000 and $2,560,000,000 from corporation taxes. (The Treasury proposed corporation taxes to yield $3,060,000,000).

3. Between $2,200,000,000 and $2,450,000,000 from individual income taxes. (The Treasury proposed to get $3,200,000,000 from this source.)

This program would still leave much of the $1,340,000,000 the Treasury seeks to raise from additional excise taxes. Taken with the estate and gift tax and other proposals asked by the Treasury, it would raise nearly $7,500,000,000, it is estimated.

On Mar. 5, amplifying the opposition expressed previously by Secretary Morgenthau, Randolph Paul, Treasury Tax Adviser, asserted that a sales tax would have "a very inflationary effect." Mr. Paul was quoted in the Associated Press as saying:

> "A sales tax is inflationary compared with income taxes. But on the other hand, a sales tax is not as inflationary as borrowing from banks; it has a direct effect on price ceilings."

Mr. Paul, according to the United Press, suggested lowered income tax exemptions and compulsory defense bond purchases, if necessary, to help finance the gigantic war production drive, but he emphasized that fiscal officials see no present need for either of the proposals he outlined.

On Mar. 5, the United Press reported, several members of the House Ways and Means Committee indicated they would insist upon immediate consideration of a general sales tax if it was decided to separate proposed new excise taxes from the Administration's $7,600,000,000 tax program. These advices added:

> The Senate Finance Committee made the separation proposal, contending that by immediate enactment of new excise taxes—higher levies on whiskey, cigarettes, beer, gasoline, etc.—collections could start almost at once.
>
> Chairman Doughton of the House Ways and Means Committee, said he was not particularly impressed by the Senate suggestion because of the relation of excise taxes to the whole program.

On March 12 opposition to the Boland bill which is understood to be under consideration by the House Ways and Means Committee was voiced before the latter by Mr. Paul, Tax Adviser to Secretary Morgenthau, summarizing his objections Mr. Paul said that:

> If this bill were approved,
>
> 1. The principle of ability to pay with respect to the capital gains of individuals would be completely abandoned.
>
> 2. The very real and equitable distinction between short-term capital gains and long-term capital gains would be eliminated.
>
> 3. A relatively small group of taxpayers in the high income brackets would be favored.
>
> 4. Additional opportunities for tax avoidance would be provided.
>
> 5. The effective rate of taxation on one type of income, capital gains, would be drastically and unnecessarily reduced at a time when all elements in our population are called upon to pay higher rates of taxation than ever before.

Accordingly, the Treasury Department is opposed to the passage of H. R. 6358.

In part, Mr. Paul also said:

> The bill before your Committee, H. R. 6358, would change fundamentally the present treatment of capital gains and losses under the Federal income tax law in that it would completely segregate capital gains and losses from other income and that it would tax net capital gains at a flat rate of 10% for both corporations and individuals.
>
> The Secretary of the Treasury in his statement of Mar. 3, 1942, recommended certain changes in the present tax treatment of capital gains and losses. In deciding upon these recommendations the Treasury gave full consideration to the proposals embodied in H. R. 6358 and found them unacceptable.
>
> As to individuals, the Treasury recommendations differ from this bill in the following respects:
>
> 1. Under the Treasury recommendations, a differentiation would be retained between short-term and long-term capital gains; while under this bill, there would be no distinction between short-term and long-term capital gains.
>
> 2. Under the Treasury recommendations, net short-term capital gains would be included in net income and subjected to the full normal and surtax rates; while under this bill, short-term net gains would be taxed at 10%.
>
> 3. Under the Treasury recommendations, net long-term gains would be reduced by one-half and included in net income subject to normal and surtax rates, with a maximum effective rate on net gains of 30%; while under this bill, long-term net gains would be taxed at a flat rate of 10%.
>
> 4. Under the Treasury recommendations, up to $1,000 of capital net loss would be deductible from other income in the current year, while under this bill there would be no deduction of capital net loss from other income.
>
> 5. Under the Treasury recommendations, capital net losses could be carried forward and offset against future capital net gains over a five-year period; while under this bill, capital net losses could be carried forward and offset against future capital net gains over a two-year period.
>
> As to corporations, the Treasury recommendations differ from this bill in the following respects:
>
> 1. Under the Treasury recommendations, net capital gains would be taxed as part of net income at the regular corporation income tax rates; while under this bill, capital net gains would be taxed at a flat rate of 10%.
>
> 2. Under the Treasury recommendations, capital net losses could be deductible against other income of the current year up to $1,000; while under this bill, capital net losses could not be deducted from other income.
>
> 3. Under the Treasury recommendations, capital net losses could be carried forward and offset against future capital net gains over a five-year period; while under this bill, capital net losses could be carried forward and offset against future capital net gains over a two-year period.

The Committee on Mar. 9 heard M. L. Seidman, Chairman of the Taxation Committee of the New York Board of Trade, who advocated the removal of all personal exemptions for the duration of the war. As to the views of Mr. Seidman and M. P. Fisher of Baltimore the "Wall Street Journal" said:

> Mr. Seidman told the Ways and Means Committee that either a sales tax or a withholding tax was necessary to finance the war and prevent ruinous inflation. He preferred a withholding tax that would apply to all individuals, with no personal exemptions.
>
> He said an additional $5,000,000,000 of revenue could be raised by applying a 10% withholding tax to the $50,000,000,000 of income not now taxable because of the personal exemptions.
>
> Mr. Seidman was questioned by members of the Committee who appeared to show no great liking for his proposal.
>
> Morton P. Fisher, of Baltimore, Chairman of the American Bar Association Committee on Income Taxes, asked the Ways and Means Committee to adopt a provision in the tax bill permitting deductions of all ordinary and necessary expenses incurred in production of taxable income.
>
> This has been proposed by the Treasury and is widely favored on the Committee.
>
> Mr. Fisher also asked three other proposals which the Treasury has indicated it favors. They are:
>
> 1. Capitalization of tax payments, permitting deductions made for taxes chargeable to capital accounts over a period.
>
> 2. Permission for stockholders of a personal holding corporation to pay their tax on dividends as stockholders in another corporation may do.
>
> 3. Exclusion of undetermined amounts of income for personal services from the last tax return of a decedent.

The suggestion was made by Secretary Morgenthau on Mar. 3 that the Government put some of the proposed corporation taxes aside as "nest eggs" and return the money to the corporations after the war. This is learned from Associated Press accounts which added:

> The suggestion would apply only to income in the topmost tax brackets. Mr. Morgenthau suggested to Congress that if any part of a corporation's profit is taxed more than 80%, the amount of the tax in excess of 80% should go into the returnable "nest egg."
>
> The Treasury Secretary told the House Ways and Means Committee that it was recognized that "very high top, or so-called 'marginal rates,' might leave little incentive for the maintenance of efficiency in business operation."
>
> "Furthermore," he said, "after the war there may well be need for a large volume of expenditure in readjusting industry and maintaining employment."
>
> Randolph Paul, a Treasury tax adviser, later told the Committee:
>
> "After the war the amounts set aside would be repaid to the corporation for the re-employment of labor, either directly or in the construction of capital needed in shifting operations from wartime production to peacetime production.
>
> "This does not mean that a corporation must have an average effective rate of tax of more than 80% before any amount would be set aside under this provision.
>
> "Whenever the receipt (by a corporation) of an additional dollar of income would give rise to a combined excess profits tax, war surtax and normal tax of more than 80 cents, the amount above 80 cents would be recorded in the name of the corporation for the purpose mentioned.
>
> "If the corporation were subject to excess profits tax of 60% or more, it would have some income subject to more than the 80% rate and accordingly would have part of its tax set aside."

From Secretary Morgenthau's proposals to the House Committee on Mar. 3 we take the following tables showing present and proposed individual income tax rates:

AMOUNT OF INDIVIDUAL INCOME TAXES AND EFFECTIVE RATES UNDER PRESENT LAW AND PROPOSAL

Single person—no dependents

Personal exemption $750

Net income before personal exemption	Amount of Tax			Effective Rates		
	Present law	Proposal	Increase in tax	Present law	Proposal	Increase in effective rates
$800	$3	$8	$5	.4%	1.0%	.6%
900	11	24	13	1.2	2.7	1.5
1,000	21	40	19	2.1	4.0	1.9
1,100	31	56	25	2.8	5.1	2.3
1,200	40	72	32	3.3	6.0	2.7
1,500	69	128	59	4.6	8.5	3.9
1,600	79	147	68	4.9	9.2	4.3
2,000	117	230	113	5.9	11.5	5.6
2,500	165	345	180	6.6	13.8	7.2
3,000	221	470	249	7.4	15.7	8.3
4,000	347	735	388	8.7	18.4	9.7
5,000	483	1,023	540	9.7	20.5	10.8
6,000	649	1,333	684	10.8	22.2	11.4
8,000	1,031	1,990	959	12.9	24.9	12.0
10,000	1,493	2,720	1,227	14.9	27.2	12.3
12,500	2,178	3,740	1,562	17.4	29.9	12.5
15,000	2,994	4,888	1,894	20.0	32.6	12.6
20,000	4,929	7,473	2,544	24.6	37.4	12.8
25,000	7,224	10,418	3,194	28.9	41.7	12.8
50,000	20,882	27,715	6,833	41.8	55.4	13.6
75,000	36,487	48,055	11,568	48.6	64.1	15.5
100,000	53,214	69,625	16,411	53.2	69.6	16.4
500,000	345,654	429,610	83,956	69.1	85.9	16.8
1,000,000	733,139	879,610	146,471	73.3	88.0	14.7
5,000,000	3,923,124	4,479,610	556,486	78.5	89.6	11.1

AMOUNT OF INDIVIDUAL INCOME TAXES AND EFFECTIVE RATES UNDER PRESENT LAW AND PROPOSAL

Married—no dependents

Personal exemption $1,500

Net income before personal exemption	Amount of Tax			Effective Rates		
	Present law	Proposal	Increase in tax	Present law	Proposal	Increase in effective rates
$1,500	--	--	--	--	--	--
1,600	$6	$16	$10	.4%	1.0%	.6%
1,700	13	32	19	.8	1.9	1.1
1,800	23	48	25	1.3	2.7	1.4
1,900	32	64	32	1.7	3.4	1.7
2,000	42	80	38	2.1	4.0	1.9
2,100	52	99	47	2.5	4.7	2.2
2,200	61	118	57	2.8	5.4	2.6
2,300	71	137	66	3.1	6.0	2.9
2,400	80	156	76	3.3	6.5	3.2
2,500	90	175	85	3.6	7.0	3.4
3,000	138	285	147	4.6	9.5	4.9
4,000	249	535	286	6.2	13.4	7.2
5,000	375	805	430	7.5	16.1	8.6
6,000	521	1,100	579	8.7	18.3	9.6
8,000	873	1,735	862	10.9	21.7	10.8
10,000	1,305	2,435	1,130	13.1	24.4	11.3
12,500	1,960	3,425	1,465	15.7	27.4	11.7
15,000	2,739	4,535	1,796	18.3	30.2	11.9
20,000	4,614	7,060	2,446	23.1	35.3	12.2
25,000	6,864	9,960	3,096	27.5	39.8	12.3
50,000	20,439	27,145	6,706	40.9	54.3	13.4
75,000	35,999	47,425	11,426	48.0	63.2	15.2
100,000	52,704	68,965	16,261	52.7	69.0	16.3
500,000	345,084	428,935	83,851	69.0	85.8	16.8
1,000 000	732,554	878,935	146,381	73.3	87.9	14.6
5,000,000	3,922,524	4,478,935	556,411	78.5	89.6	11.1

Labor Heads Agree to Ban Wartime Strikes

Following a conference with President Roosevelt on Mar. 17, William Green, President of the American Federation of Labor, and Philip Murray, President of the Congress of Industrial Organizations disclosed that it had been agreed that wage rates and standards would be fixed without resort to strikes or interruption to production through these three methods: Collective bargaining, conciliation or mediation, or operations of the National War Labor Board.

In discussing the outcome of the meeting with the President, the two leaders of organized labor were reported by the Associated Press as remarking:

> Mr. Murray said it was agreed that "voluntary action on the part of labor to yield its right to strike was a more satisfactory answer to the problem of production and national unity than restrictive enactments by the Federal Congress."
>
> Mr. Green remarked that "it was agreed that the 40-hour week shall be recognized as standard, that time and a half should be paid for overtime and double time for Sunday" It was left undecided, he added, whether double time would be paid only for work on Sunday or whether it would be paid for a seventh day of work, regardless of what day of the week that might happen to be.
>
> "It was agreed," Mr. Green continued, "that continuous operation has been thoroughly approved and recommended by labor. All these steps will make it possible to work 24 hours a day. We urged that management make it possible, as rapidly as possible, to operate on a 24-hour basis."
>
> "The President," Mr. Murray declared, "is in agreement that the performance of labor in production is exceptional and, of course, satisfactory. The President expressed complete satisfaction at the spirit manifested both by the AFL and the CIO in eliminating jurisdictional questions that may cause, in defense industries, strikes."
>
> In using the machinery of collective bargaining, conciliation and mediation, and the War Labor Board, Mr. Green declared, the necessary steps "will all be taken free from any threat of strike or resort to forceful methods." He remarked that the purpose of Congress to eliminate strikes, by creating this machinery, had been established.

Participating in the conference, in addition to Mr. Green and Mr. Murray, were George Meany and Daniel J. Tobin, representing the AFL; R. J. Thomas and Julius Emspack, CIO representatives; Sidney Hillman, head of the War Production Board, Labor Division, and Mrs. Anna Rosenberg, secretary of the group.

This six-member War Labor Board was set up at the President's suggestion, in January, to confer with him on settlement of jurisdictional and other differences between the two organizations. It was established in preference to a proposal for resumption of peace talks between the labor groups which had been advanced by John L. Lewis, former head of the CIO and President of the United Mine Workers, mention of which was made in our issue of Feb. 5, page 5773.

President Roosevelt Reports First Year's Lend-Lease Aid Totaled $2½ Billion

President Roosevelt, in his report to Congress on the first year of the lend-lease program, stated on Mar. 11 that aid had amounted to $2,570,452,441 but actual transfers of defense articles came to $1,411,000,000. The volume, the President said, "falls far short of what is needed to turn the tide toward victory."

In his report, which is required to be made to Congress every 90 days, the President broke down the $2,500,000,000 lend-lease aid supplied as follows:

Defense articles transferred	$1,411,000,000
Articles awaiting transfer or use	488,000,000
Articles in process of manufacture	128,000,000
Servicing and repair of ships, etc.	126,000,000
Rental and charter of ships, etc.	243,000,000
Production facilities in the United States	170 000,000
Miscellaneous	4,000,000

The total of funds authorized by Congress for lend-lease aid is now $48,006,650,000, the report noted, of which $18,410,000,000 has been appropriated directly to the President, with the remainder represented by war supplies which could be transferred from United States forces to the other nations.

Regarding the report, we quote the following from Associated Press accounts from Washington Mar. 11:

> The British Commonwealth of Nations and 33 other countries are eligible for lend-lease assistance, which now covers two-thirds of the earth's surface and aids nearly two-thirds of its population.
>
> The $2,570,452,444 in assistance extended is but a fraction of the total lend-lease funds of $48,006,650,000 authorized by Congress, and when broken down, it includes but $1,411,000,000 in actual transfers of materials.
>
> Of the remainder, $448,000,000 is awaiting transfer or use, $128,000,000 is in process of manufacture, $126,000,000 was in repairing and servicing ships of United Nations, $243,000,000 was in the rental or charter of ships, $170,000,000 was invested in production facilities in the United States, and $4,000,000 in miscellaneous expenses.
>
> However, nearly $12,985,000,000—the total of the first two Lend-Lease appropriations—has been obligated or is covered by contracts already let Further progress lies in the rapidity with which American industry can convert itself to war-time production. Mr. Roosevelt repeatedly emphasized that the combined and total effort of the nation is needed.
>
> By the end of February, the report disclosed, most of the $12,985,000,000 of actual appropriations in the first two Lend-Lease funds had been allocated and $8,459,000,000 had been obligated or placed under contract. In addition, Congress has appropriated $5,425,000,000 as of Mar. 5, 1942, to cover commitments to be made before the end of this year.
>
> The report observed that the $2,500,000,000 volume of Lend-Lease help was impressive as an abstract figure, but that when it was viewed with relation to need, "what has been done falls far short of what is needed to turn the tide toward victory." Though many persons have inferred that the quantity of military material turned over to other countries has been enormous, the report said, "the hard fact is that, in relation to need, the volume has been small."
>
> Deliveries are inadequate, it explained, because of the time and effort required "to revolutionize our industrial system" and to attain the production volume demanded of an effective arsenal of democracy. But some actual assistance has included such valuable items as planes, plane parts, tanks, ordnance, ammunition, field communications equipment, trucks, petroleum, ships, naval aircraft and ordinance, ship and airplane stores and equipment, repairing and remodeling of British naval vessels, construction of naval bases and plane supply depots all over the world.
>
> The report spoke also of transportation problems, noting it was 10 times harder to deliver than to produce a tank for the Russian front. United Nations shipping must be increased, it said, to carry the ever-increasing load of Lend-Lease material. Ships, as well as all other United Nations facilities, are in a common pool, the report asserted.
>
> This picture was given of the manner in which the countries aligned against the Axis are operating:
>
> "All the resources of the United Nations are now part of a common pool, out of which arms and men pour as considerations of military strategy dictate. Into this pool flow Lend-Lease munitions, together with the entire military, air and naval strength of all the United Nations.
>
> "Out of it, air, land and naval units of American forces have gone to the Southwest Pacific; British and Russian troops have moved into Iran; Chinese soldiers have come to the defense of Burma and quantities of British material have arrived on the main front in Russia
>
> "Lend-Lease material, as well, has poured from the pool to play its part in this joint effort. Lend-Lease arms are being used on every great battlefield of the war, side by side with pre-Lend-Lease weapons purchased by the British and other nations and still being delivered in considerable quantities."
>
> Reciprocal aid, the report asserted, already is an actuality. Materials and services being provided to this country by other United Nations, without dollar payment, include machine tools, anti-aircraft guns and ammunition, complete equipment for a gun factory, repairs for our vessels in foreign ports, air rights for our ferry and commercial services in South America, military information and experimental models of new weapons, and some vital military materials.

In a letter accompanying the report to Congress the President said that the "offensive that the United Nations must and will drive into the heart of the Axis will take the entire strength that we possess."

The President's letter follows in full:

> To the Congress of the United States:
>
> I am transmitting herewith to the Congress a report of the first year of Lease-Lend operations.
>
> One year ago, in passing the Lease-Lend Act, the American people dedicated their material resources to the defeat of the Axis. We knew then that to strengthen those who were fighting the Axis was to strengthen the United States. We recognized then the lesson that has since been hammered home to us by the Axis treachery and Axis arms—that the rulers of Germany and Japan would never stop until they were thrown from power or America was forced to her knees.
>
> Now that we have had to dedicate our manpower as well as our material resources to the defeat of the Axis, the American people know the wisdom of the step they took one year ago today. Had not the nations fighting aggression been strengthened and sustained—their armed forces with weapons, their factories with materials, their people with food—our presently grave position might indeed be desperate. But for the continued resistance of these steadfast peoples, the full force of the enemy might now be battering at our own ports and gateways
>
> Lend-Lease has given us experience with which to fight the aggressor. Lend-Lease has expanded our productive capacity for the building of guns and tanks and planes and ships. The weapons we made and shipped have been tested in actual combat on a dozen battlefields, teaching lessons of untold value.
>
> Lend-Lease is now a prime mechanism through which the United Nations are pooling their entire resources. Under the Lend-Lease Act we send our arms and materials to the places where they can best be used in the battle against the Axis. Through reciprocal lend-lease provisions we receive arms and materials from the other United Nations when they can best be used by us.
>
> The war can only be won by contact with the enemies and by attack upon them. That takes time, for the United Nations need more and still more equipment and transportation. Success will come dearly, at the price of defeats and losses. The offensive that the United Nations must and will drive into the heart of the Axis will take the entire strength that we possess.
>
> For that combined strength we can thank the decision we took a year ago today. With that combined strength we can go forward along the steep road to victory.
>
> FRANKLIN D. ROOSEVELT.
> The White House, Mar. 11, 1942.

Senate Inquiry Into 'Sea Otter' Ship Tests

A Senate group is conducting an inquiry into what tests were given the "sea otter" type of small cargo vessel, designed for submarine warfare. Senator Gillette (Dem., Iowa), Chairman of the three-man Senate Naval subcommittee, said on Mar. 8 that the group had already heard numerous shipping experts but would gather all the facts before concluding its investigation.

President Roosevelt declared on Mar. 10 that more intensive tests will be conducted on the "sea otter." He explained that difficulties had been encountered in experiments made on ships designed above the original dimensions.

Associated Press Washington advices Mar. 8 reported the following on the matter:

> Secretary Knox told a recent press conference that tests of a sea otter type ship had proved "very disappointing" to both President Roosevelt and himself and indicated that the idea of mass production of them had been abandoned.
>
> The Navy reported enthusiastically in September on the possibilities of this type of ship, saying tests of a small-scale model indicated success was virtually "a foregone conclusion."
>
> The design was for a ship 270 feet long of about 1,500 tons driven by 16 gasoline engines geared to a vertical shaft, turning a six-foot propeller located amidships. The ships would be difficult for submarines to sight and it was said they could be built so cheaply that they could be sent to England with a cargo and then scrapped.

Group Life Insurance Made Tremendous Strides Says Pink, N. Y. State Ins. Superintendent

In his preliminary report for the year 1941, Louis H. Pink, New York State Superintendent of Insurance, calls attention to the tremendous growth that has taken place in the group life insurance field, pointing out that the amount of this form of insurance now in force ($15,300,000,000) is almost equal to the total life insurance in force in 1912, when group insurance had its start in the United States. "The growth of group insurance," said the Superintendent, "is not only a story of insurance progress but one of social progress as well. It has afforded low cost protection for millions of our workers. It has also made for better understanding and good will between management and labor and has done not a little to reduce labor turn-over with its attendant expense."

Mr. Pink's report, submitted to the Legislature on March 9, also covers the following subjects: Group Insurance, Mortality Tables, Non-Forfeiture Values, Fraternal Benefit Societies, Accident and Health Insurance, Insurance Rates and the Administration of Companies in Liquidation.

The report lists several types of coverage in connection with which there were rate reductions during 1941. Reference is made to the fact that "one of the most important and vexing problems of rate regulation involves the treatment of large risks with interstate operations, a substantial portion of which is carried on in states which lack rate regulation, or where the degree of regulation differs materially from that in New York." The report adds:

> The problem applies to both casualty and fire insurance. It arises out of certain company practices which have as their effect, if not for their purpose, the charging of a premium for coverage in New York less than that required by the rates, rules and plans on file in this State. One method employed is the use of established rates, rules and plans in New York and the application of absurdly inadequate rates in the non-regulated States.

Because a large portion of the complaints received by the Department during the year involved claims under the more limited accident and health policies, a survey was made of that type of coverage and, as a result of conferences held with company executives, it was concluded that there was considerable room for improvement and that the companies should remedy the defects. These, according to the report, include the use of new policy contracts granting broader coverage at lower rates and the revamping of sales methods for the purpose of avoiding misrepresentation and presenting to the insured a broader picture of the coverage.

With regard to insurance against bombing, Superintendent Pink says that the War Damage Corporation being set up by Congress will provide reasonable protection against damage to property, real and personal, resulting from enemy action. In referring to such coverage the report states:

> There is considerable feeling among insurance supervisors that the companies should have organized a pool to write this type of insurance with appropriate reinsurance through the Government. Some of the companies are also of this opinion. While this would have been a logical development it is now apparently too late to receive serious consideration. There will undoubtedly be the fullest cooperation between the insurance industry and the War Damage Corporation and no needless or wasteful duplication will be permitted. The institution of insurance is anxious to do everything that it can to aid in the war effort and seeks no selfish gain.

In conclusion, Superintendent Pink has the following to say:

> Insurance as we know it is peculiarly the child of free nations and cannot thrive in an authoritarian state. It is based upon voluntary cooperation and serves all equally. It knows neither rich nor poor, race nor creed. In a world ordered according to the principles of insurance, there can be no mass hatred and no world wars. Like other great forces in this country, insurance must use every effort to make those adjustments which will really help and which are fundamentally sound. The insurance industry should not fritter away its energies on changes which will only impede usefulness and security but must and will do everything possible to help the Nation in this period of crisis.

Radio, Phonograph Output Ended by WPB Order

The War Production Board has ordered that the manufacture of radios and phonographs for civilian use be halted after April 22. Plants will be permitted to complete sets on which work was started before that date and the Board said sales of existing supplies will continue on a "first come, first served" basis. The move was taken to permit the conversion of the entire radio and phonograph industry to war production, possibly by the beginning of Summer. According to the Associated Press a major factor in the shutdown of civilian radio production was the fact that more than $1,000,000,000 in military orders already have been placed for war radio equipment. Approximately half this total, it is added, is being held by the 55 firms affected by today's order. The same advices state:

> The industry will manufacture airplane detection equipment, in addition to military radio transmitting and receiving equipment. The Board predicted that, when the shutdown becomes effective, approximately 60,000,000 radio sets will be in operation in about 87% of the homes in this country.

Plans for the conversion of the radio industry were mentioned in our issue of Feb. 26, page 843.

Correction

In the item in these columns Mar. 12, page 1034, headed "Urges Cotton Farmers to Plant Full Acreage," the following paragraph appeared:

> A substantial increase in the production of cottonseed oil would result from the planting of the full cotton acreage allotment. Assuming that the entire increase in production of cottonseed is crushed for oil, a 1942 crop of 13,500,000 bales would result in an increase of **250,000,000** pounds of cottonseed oil over 1941. A 1942 crop of 12,100,000 bales would result in an increase of 156,000,000 pounds of cottonseed oil over 1941. Increased production of vegetable oils is one of the major goals of the 1942 Food-for-Freedom Program.

Information which has since come to us from the Department of Agriculture, which issued the original announcement, indicates that the figure of 250,000,000 pounds (which we have underscored above) should have read 350,000,000 pounds.

Opposes Elimination Of Sugar Crop Payments As Adversely Affecting Treasury & Consumer

Secretary of Agriculture Wickard informed Senator Byrd (Dem., Va.) on March 9 that failure to appropriate funds for 1942 sugar crop payments would "create several serious public problems" and would not "alleviate the Treasury position." Mr. Wickard's advices to the Senator were in response to a letter of March 6 from the latter "with respect" said Secretary Wickard "to the pending appropriation of $47,962,910 for payments to sugar beet and sugar cane producers under the Sugar Act of 1937, as amended." Secretary Wickard went on to say in part:

> "You are of the opinion that the proposed expenditures represent in their entirety a drain on the Treasury, constitute 'non-essential spending' are made primarily for reducing production, and provide for unjustified payments to large producers. You therefore ask that this department 'make no contracts for these benefit payments until Congress has had an opportunity to review the sugar control legislation.'"

Mr. Wickard further stated that "we are in full accord with your objective to eliminate non-essential Federal expenditures. But in this instance the facts are * * * that the elimination of the 1942 crop payments may actually result in a greater net outlay of Treasury funds, would preclude continuation of important social measures; would unquestionably reduce 1942 planting in the beet area; and would necessitate a tremendous toll from consumers, a large portion of which would provide a huge and inflationary 'windfall' for foreign producers and much of which would accrue to large domestic producers." Moreover Mr. Wickard added, any commitment made to producers with respect to 1942 payments arises out of Congressional action of late December, 1941 and not from any contracts entered into by the Agriculture Department.

Secretary Wickard contended that if conditional payments were not made under the sugar act "it would be necessary, under the Emergency Price Control Act to increase the ceiling price for sugar at least 80 cents per hundred-weight, after 1942 crop sugar becomes available." Secretary Wickard added:

> This minimum increase would meet the requirements of that act only in the event that revisions in purchase contracts, under which growers market their sugar beets and sugar cane, could be made in a manner so as to give growers the total amount of the ceiling price increase. Should no revision in contracts be made an increase in the ceiling price of as much as $1.50 per 100 pounds would be necessary. Consequently there would be a direct increase in cost to the Treasury on purchases of sugar and of the many food products containing sugar for the armed forces, as well as on purchases for our Allies under the lend-lease program.

He further said that the Treasury would also have to pay increased prices for vast quantities of essential war materials requiring the use of industrial alcohol. In his letter Mr. Wickard also noted:

> Furthermore, the excise tax on sugar provided for in the sugar legislation is part of a comprehensive program for dealing with the problems of the sugar industry which was recommended by the President in 1934, and again in 1937. In the absence of conditional payments to producers, it is doubtful whether continuation of the tax on this one food commodity could be justified. In fact, the continuance of the tax under such conditions would be deemed by many an act of bad faith. Repeal of the tax would result in a loss to the Treasury of collections which have averaged $74,000,000 in the last three fiscal years. In appraising the sugar program, one cannot lose sight of the fact that its expenditures are covered by a special ½c a pound excise tax on sugar which not only pays all the costs of the program but has, during the past three years, shown a substantial net return to the Treasury. In other words, this program not only pays its own way but puts money into the Treasury besides.

With regard to the effect an increase in the sugar ceiling would have, Secretary Wickard said:

> On the assumption of a 6,000,000-ton consumption, an increase of from 80c to $1.50 per hundredweight in the ceiling price would increase the annual consumer cost of sugar by $100,000,000 to $180,000,000 per year. In addition, the cost of industrial alcohol would increase by $35,000,000 to $65,000,000 per year if the present relationship between the price of sugar and alcohol continues. The increased levy on consumers would create an inflationary windfall of from $60,000,000 to $110,000,000 per annum for foreign producers. It would also permit certain large firms engaged in the production of domestic sugar to receive very substantial increases in income. For example, a producer making 100,000 tons of raw sugar would receive, if the appropriation were made and the condition for payment met, payments of $720,000. In lieu of such payments the indicated increase in ceiling price would result in an additional income ranging from $1,600,000 to $3,000,000, or $880,000 to $2,280,000 in excess of that obtained under the payment program. Furthermore, if the Congress fails to make this appropriation and the revisions in the purchase contracts referred to earlier are not made, processors of sugar beets and sugarcane would enjoy exorbitant returns.

Butyl Rubber—Synthetic Made From Petroleum

"An investment in synthetic rubber producing facilities of less than $15 per passenger car will provide sufficient rubber to keep America's automobiles on the roads," W. S. Farish, President of Standard Oil Company (N. J.) said on March 10. Continuing, he added: "Fulfillment of military needs is, of course, the immediate necessity. These needs must be taken care of from the stock pile of natural rubber, plus the output of synthetic rubber units included in the program announced recently by Secretary of Commerce Jesse H. Jones, plus natural production still available to the United Nations. But after these needs are provided for the only limitation on supply of synthetic rubber for civilian use is shortage of fabricated steel and other construction materials required for the necessary plants.

"It is difficult to see how any substitute for rubber tires could be provided with an estimated investment cost of less than the $15 per car for plants to make synthetic rubber. To the extent that plants for the production of synthetic rubber from oil can be built without diverting construction materials and labor from more essential products, any demand can be filled in this way. While spring wheels, rope tires and many other ingenious substitutes may be resorted to with advantage in some cases, it would seem that economic loss and diversion of labor and materials from the war effort would probably be less by providing the synthetic rubber for all essential motor transportation needs of the country.

"Synthetic rubber of the buna type has always cost at least twice as much as the natural product," he continued. "Even in very large quantities this synthetic rubber would cost about 30 cents a pound, against a normal price for natural rubber of less than 15 cents a pound. For large scale operations, including the raw materials needed, the investment required to produce buna rubber is $1,000 per ton of yearly capacity—perhaps, $700,000,000 to $800,000,000 for the entire needs of the country, military and civilian.

"A new type of synthetic rubber developed by us, known as butyl, can be produced for an investment of about $700 per ton of yearly capacity. This rubber has never been produced commercially but we have made it for some time experimentally, and large samples have been tested in tires by two of the large rubber companies. There is good reason to hope that whole tires—carcass, tread and tube—can be made successfully from this synthetic rubber. These tires would not at once be comparable with the buna tires or the natural rubber tires now in use, but they should give satisfactory service at speeds up to at least 35 miles per hour and should last for 10,000 miles. The cost of this rubber is estimated to be about one-half the cost of buna rubber.

"Synthetic rubber for tire purposes has never been and is not now commercial in competition with the raw rubber; but it is the quickest and surest way I know of filling our military needs and such civilian needs as are deemed essential under existing conditions. But only the Government can provide for immediate erection of full-scale facilities, and it is true that a continuing subsidy of some kind will be required to maintain operations.

"Only the lack of natural rubber can justify this investment. That is the reason—the only reason—why the United States did not have more synthetic rubber capacity before Pearl Harbor. In fact, no country in the world outside of Germany—which knew in advance it would be blockaded from normal sources of supply—had any synthetic facilities to speak of capable of producing tire rubber."

Mr. Farish said that even before the outbreak of war in the Pacific his company had already spent or contracted for $12,000,000 on its own responsibility in building plants and providing raw material for making synthetic rubber from petroleum.

"Prior to the day Japan attacked us, and while natural rubber was still being shipped in large quantities from the Far East, domestic affiliates of Standard Oil Company (N. J.) had in operation about 5,000 tons a year of synthetic rubber capacity, intended to produce specialty rubber and the raw materials needed to make it. We also had under construction then nearly 15,000 tons additional capacity, all financed by ourselves in the hope that special technical uses could be found for this quantity of synthetic rubber.

"In the interval since Pearl Harbor we have undertaken to produce for our Government and the Canadian Government a total of over 200,000 short tons annually of special synthetic rubber and raw materials for buna rubber. This operation should be in full swing by the middle of 1943."

Mr. Farish stated that there are available from oil and gas abundant raw materials for all the synthetic rubber the nation needs, without drawing upon raw material essential to other war production.

"Our interest in synthetic rubber is obvious," Mr. Farish observed. "This product can be made from petroleum gases. For some purposes its quality is better than natural rubber. We hope eventually to produce a rubber so good in quality that it can compete with the natural rubber even for tires. Gasoline is the oil industry's principal product. Fewer cars running means less consumption of gasoline.

"There are no patent questions involved. Patent agreements were arranged and signed with Government approval last December covering all questions bearing on buna rubber. Basic buna rubber patents have been allowed 1% of the cost of the rubber. On this basis the royalty would amount to about 2½c on a $15 synthetic rubber tire.

"On butyl rubber our company is offering to industry and the Government royalty-free licenses for the duration of the war and reasonable royalties (to be determined by Government authorities) thereafter."

Single Buying Agency For War Supply Urged

Creation of a single procurement agency to supply the Army, Navy, Maritime Commission and Lend-Lease Administration was urged on March 9 by the House Committee on Defense Migration. In its report, the committee, which was headed by Representative Tolan (Dem., Col.), said that "failure to organize the domestic front of the battle of production has already been translated into serious defeats for our armed forces." It added that "total war requires that our vast economic system be operated along the organizational lines of a single industrial plant."

Associated Press advices had the following to say regarding the report:

> The committee, which spent months studying problems of labor supply and material procurement, recommended:
>
> 1. The creation of a special technical division under the civilian procurement agency to maintain an up-to-date complete inventory on industrial facilities, the supply of critical materials and the supply of labor.
>
> 2. Labor-management co-operation through joint national, regional and plant committees headed by a paid Government official, on production and procurement problems.

From the Associated Press we also quote:

> The committee urged that the War Production Board allocate production goals to each important industry and to each region, instead of dealing with individual plants, saying that it then would be up to the industry and regional boards "to see that every facility under their jurisdiction operates at maximum efficiency."
>
> While commending the appointment of Donald Nelson as the single war production chief, the report added:
>
> "The ineffective procurement system remains unchanged. It stands as a virtually insurmountable obstacle to effective planning and mobilization on the production front. In the past it has been hampered not only by its own intrinsic inadequacies, but also by the limited production experience of the supply branches of the armed services and particularly by their limited conception of conversion."
>
> * * *
>
> The committee noted a tendency to permit the major corporations to determine the extent to which they could sub-contract and to choose sub-contractors with which they were affiliated financially. It argued that policy worked against bringing small business into the defense production program and retarded production.

Tighten Regulations On Instalment Credit

In a further move designed to combat inflationary developments, the Board of Governors of the Federal Reserve System on March 6 imposed new restrictions on instalment buying. The Board's amendment to Regulation W, dealing with instalment credit, shortens the payment period for most articles, increases the down payment and adds new types of consumers' durable goods to the list. The amendment becomes effective March 23, except that the change with respect to used cars goes into effect on April 1.

The following summary of the principal provisions of the amendment was issued by the Federal Reserve Bank of New York:

> The standard maturity is reduced from 18 to 15 months for all credit subject to the regulation, except credits for building modernization, plumbing, furnaces, water heaters, water pumps, and pianos, all of which may still be for 18 months.
>
> The down payments are increased from 20% to 33⅓% on refrigerators, washing machines, ironers, vacuum cleaners, electric dishwashers, room unit air conditioners, sewing machines, radios and phonographs, and musical instruments. On home air conditioning systems and attic ventilating fans, the down payments are increased from 15% to 33⅓%, and on furnaces, water heaters, water pumps and plumbing, from 15% to 20%.
>
> The following articles are added to the list, with 33⅓% down payment required: bicycles, lawn mowers, silverware (flatware and hollow-ware, whether solid or plated) and photographic equipment. The following are added to the list, with 20% down payment required: Clocks, watches and floor coverings. Persons who become subject to the regulation on and after March 23 because of the addition of articles to the list are given until June 1 to register. Prior to June 1 they are granted a general license.
>
> On and after April 1 the credit value of a used automobile, instead of being based solely upon the purchase price, is to be based upon the purchase price or the average retail value as stated in such automobile appraisal guides as may be designated by the Board, whichever is lower. The Board of Governors has not yet designated any automobile appraisal guide under Part 3 of the Supplement.

DCB Gets Wire Control

President Roosevelt issued an Executive Order on March 7 giving the Defense Communications Board full power to take over and operate any facility for wire communication essential to national security and defense and the successful conduct of the war. The President acted under Section 606 of the Communications Act of 1934, as amended Jan. 26, 1942 (see issue of Feb. 12, page 679). The powers, covering the country's telephone, telegraph and cable facilities, were similar to those which the President holds over radio facilities and which he also delegated to the DCB by his order of Dec. 10.

The law provides for just compensation to the owners for any wire facility taken over and operated.

Small Business Should Get Bank Financing To Fill Defense Contracts, Says Henderson

The activities of the subsidiaries of the Reconstruction Finance Corporation engaged in the war program were discussed by Charles B. Henderson, Chairman of the RFC before the recent credit clinic of the American Bankers Association in New York Mar. 6. The needs of small business were likewise alluded to by Mr. Henderson, and in bespeaking the aid of the banks in behalf of small manufacturers he said:

> As you know, the War Production Board has formulated a plan to spread orders for defense and war production needs among the smaller business enterprises. However, before the majority of these small plants can do very much along this line they must be assured of adequate financing to fill the contracts they receive, and this is what I believe to be one of the important functions of banks, referred to in my earlier remarks.
>
> Federal Loan Administrator Jesse Jones wrote to all banks on Jan. 1, 1942, regarding this matter and asked their cooperation. I followed with a letter on Jan. 12. From the responses received to these letters I know that you are going to do your part. And we know that banks are in a position to assure an adequate supply of credit to local enterprises working under this program. By so doing you not only help your bank and your community, but you take an important part in our war efforts. It is preferable and desirable that these small manufacturers use the customary banking channels to finance their credit needs, for it is not the policy of RFC to compete with banks or other lending institutions.
>
> It is our opinion that you can safely make these loans either in whole or in part. Our experience with them has been satisfactory. We have found that the method of accepting as collateral or part collateral an assignment under the Assignment of Claims Act of 1940, of moneys due from the contract to be financed, when combined with the so-called "budget basis" disbursement of the loan, is a practicable way to handle it. If, however, these enterprises are unable to obtain credit locally for this purpose, then only will RFC consider their applications either for direct loans or in conjunction with their bank for agreements to participate.
>
> A great number of the small manufacturers have heretofore been unable to bid on contracts because of their financial condition and because they were not assured of adequate credit before filing their bid. In order to speed up war production, War Production Board has, within the past few days, issued an order whereby contracts may now be negotiated, thus eliminating competitive bidding. To help in this program, and to further assist in war production, RFC will consider applications for commitments from manufacturers who desire to negotiate national defense war production contracts or subcontracts. We must always keep in mind that as much production machinery as possible should be producing war materials.
>
> In addition to making loans to manufacturers, you can assist local enterprises by suggesting conversion of their plants to make war supplies and equipment. Every plant in the country cannot, as we know, be used in war production but many more than are now in use can, and should be placed in this position.
>
> We feel that the financial condition of a prospective borrower is of less importance in considering national defense war production loans than it is in considering regular commercial loans. Nevertheless, we believe a manufacturer should have sufficient working capital to complete the contract. Where the financial condition of the applicant is questionable, we endeavor to obtain an agreement on the part of the applicant's creditors that they will not force him to the wall while he is working on the contract. We do not believe that the past earning record of the manufacturer is so important in cases where we are to be repaid from the proceeds of the contract, the ability to perform the contract within its specified time being the more important consideration.

The objectives of the Defense Plant Corp., the Defense Supplies Corp., the Rubber Reserve Corp., the Metals Reserve Co. were also matters touched upon by Mr. Henderson in his address.

U.S. Foreign Trade Total Higher For 1941

The Bureau of Census, Department of Commerce, reported on Mar. 3 that the value of exports of merchandise from the United States in December, 1941, was approximately $652,000,000, bringing the total value for the year to $5,146,000,000. The value of imports in December was $344,000,000 and the total for the year $3,345,000,000.

The release of these figures was in accordance with the previously-announced policy of reporting the total values of exports and imports while withholding from publication all detailed foreign trade information by commodity or by country of origin or destination.

Summary figures on exports and imports, in thousands of dollars, are as follows:

	Dec., 1941	Year 1941
Exports, including re-exports	651,555	5,145,786
Exports, United States merchandise	635,179	5,018,531
General imports	343,794	3,345,058
Imports for consumption	338,272	3,221,855

Exports

In terms of value, exports during 1941, including Lend-Lease shipments, have been exceeded only during 1929 and the years from 1916 through 1920. In terms of the volume of trade, exports during 1941 exceeded the volume in any previous year, according to available index numbers. Although prices of export commodities were higher in 1941 than in years previous to the present war, they did not reach the high level of the 20's, or of World War I.

Partly as a result of increased prices, the value of exports showed a marked increase during 1941, particularly during the last six months of the year. In comparison with 1940, exports of United States merchandise in 1941 increased by 20% in quantity and 28% in value. In comparison with 1938, the last pre-war year, they showed an increase in quantity of 47% and in value of 64%.

Imports

Total imports in 1941 exceeded those for the peak year 1937, both in value and in volume, and exceeded 1929, the record year, in volume although not in value. In comparison with 1940, imports in 1941 were 19% larger in quantity and 27% larger in value. They were 42 and 65% larger, respectively, in quantity and value than in the pre-war year 1938.

U. S., Britain Create Caribbean Commission

Announcement was made simultaneously in Washington and London on Mar. 9 of the creation of an Anglo-American Caribbean Commission for the purpose of strengthening social and economic cooperation between the two countries in all of the regions adjacent to the Caribbean. The Commission will consist of three American and three British members who "will concern themselves primarily with matters pertaining to labor, agriculture, housing health, education, social welfare, finance, economics and related subjects." Co-chairman of the group are Charles W. Taussig of New York, Caribbean expert and President of the American Molasses Co., and Sir Frank Stockdale of London.

President Roosevelt also placed on the Commission Rexford G. Tugwell, Governor of Puerto Rico, and Coert du Bois, Chief of the State Department's Caribbean Office.

The Commission is empowered merely to formulate recommendations and submit them to their governments.

In addition, the President established a Caribbean Advisory Committee to undertake a study relating to the economic and social problems of the large number of peoples in the British and American islands, "intended to improve the standards of living. This group, which also will have only power to recommend, is made up of Mr. Taussig as Chairman, Mr. Tugwell, Martin Travieso, Justice of the Puerto Rican Supreme Court; Judge William H. Hastie, Civilian Aide to the Secretary of War, and Carl Robins of California, former President of the Commodity Credit Corporation.

In issuing the announcement the White House took occasion to make known that President Roosevelt had denied as "entirely untrue" reports that the Government was considering requesting Britain for "an indefinite prolongation of the 99-year lease granted by the British Government for the bases acquired in certain of the British colonies in the Western Hemisphere." The President is said to have asserted that the United States has "no intention of requesting any modification of the agreements already reached; that the acquisition of the bases granted to the United States would be for the term of 99 years as fixed in those agreements; and that the United States does not seek sovereignty over the islands or colonies on which the bases are located."

The United States was given the right to establish naval and air bases in the British Caribbean Islands in an agreement signed in August, 1940, under which the United States exchanged 50 over-age destroyers (see issue of Sept. 7, 1940, page 1370).

Bankruptcies Reduced

Commercial failures in the second month of the year showed the customary decline from January according to the records of Dun & Bradstreet. In February 916 firms failed for $9,631,000 compared with 962 for $9,916,000 in January. February failures showed an even more marked decline from the corresponding month of 1941 when 1,129 organizations failed for $13,483,000.

All of the commercial and industrial groups into which the failures are divided, except the commercial service division, shared the downward trend from January to February, and all, without exception, participated in the decline from last year. Manufacturing insolvencies dropped to 141 involving $2,525,000 liabilities from 182 involving $5,983,000 in February, 1941. In the wholesale group only 70 firms failed for $1,027,000 compared with 104 for $1,611,000 in the same month of 1941. Retail casualties fell to 589 with $4,232,000 liabilities compared with 719 with $4,501,000 a year ago. There were 57 construction failures with $920,000 liabilities in comparison with 58 with $836,000 in February, 1941. Commercial service bankruptcies declined to 59 involving $927,000 liabilities from 66 involving $552,000 last year.

The better solvency situation prevailed in all sections of the country except the Middle West, as represented by the Chicago, Minneapolis and Kansas City Federal Reserve Districts. All Reserve Districts but these had fewer failures than in February, 1941. In the New York District alone failures dropped to 297 from 399 last year. Most other Districts showed similarly marked reductions.

ABA Mortgage Clinic Announces Speakers

The discussion leaders at the forthcoming real estate mortgage clinic of the American Bankers Association, to be held at the Waldorf-Astoria, New York City, Mar. 26-27, will be:

> Marcus Nadler, Professor of Finance of New York University, and Assistant Director of the Institute of International Finance, New York City; Representative Albert A. Gore, of Tennessee; Karl Borders of the Office of Price Administration; Francis J. Ludemann, Deputy Superintendent of Banks from New York; Arthur M. Weimer, Dean of School of Business at Indiana University, and a group of leading bankers, it is announced by Henry W. Koeneke, President of the A. B. A., who is President of the Security Bank of Ponca City, Ponca City, Okla.

The program for the clinic is built around a theme of housing, rent control, and the mortgage business of banks under war conditions, Mr. Koeneke states. The clinic is the fourth in a nationwide series of such meetings held by the association this year and is planned to serve the bankers of Connecticut, New Jersey and New York. All of the sessions will be informal and the questions discussed will be related to the problems experienced by banks in this area. Invitations have been sent to all the banks in the three States mentioned, with the request that they submit such questions as they may wish to have discussed.

Less Brazil Cotton Seen

Present indications are that the total 1941-42 cotton crop for all Brazil may be from 200,000 to 300,000 bales under the official estimate of 2,557,000 bales for 1940-41, according to the United States Department of Agriculture. This opinion, the Department stated, is based on unofficial estimates to the Office of Foreign Agricultural Relations ranging from 1,614,000 to 1,753,000 bales for the coming crop in Sao Paulo and approximately 100,000 bales for the other States of Southern Brazil, plus the official estimate of 510,000 bales for the crop in Northern Brazil. The Department's announcement adds:

> Exports of Brazilian cotton from Aug. 1, 1941 to Jan. 31, 1942 amounted to about 519,000 bales compared with 598,000 bales in the same period of 1940-41. Shipments to Japan and China amounted to only 65,000 bales compared with 278,000 bales during the same period of 1940-41. On the other hand, shipments to the United Kingdom and Canada amounted to about 370,000 bales compared with about 210,000 bales during the first half of 1940-41.

"Food For Freedom" Gets ABA Support

The American Bankers Association has asked the nation's banks to give their full support to the Government's wartime "Food for Freedom" program in a 36-page booklet mailed to the banks designed to show banks how they can take part in the program. The booklet, entitled "How Banks Can Assist in the Food for Freedom Program," was presented at the association's recent credit clinic in New York. The booklet is described by the Association as follows:

> The booklet is a working manual of information governing the operation of banks under the "Food for Freedom" program. It sets forth the agricultural goals for various foods determined by the Secretary of Agriculture to be necessary to meet the wartime requirements of the United States and its allies and outlines a plan of action by means of which country banks may make their part in the program effective. It suggests a procedure for the individual bank in financing the program. It shows how banks can adopt an aggressive agricultural loan policy without relaxing credit standards, and proposes a nationwide series of meetings of bankers, the object of which is to familiarize bankers everywhere with the program and ways in which the banks may cooperate with it. The question and answer method of treatment is employed throughout the booklet.

According to the announcement, the project was developed by the A.B.A. Agricultural Commission under the leadership of its chairman, Otis A. Thompson, President of the National Bank and Trust Co., Norwich, N. Y., and a special Food for Freedom Committee under the chairmanship of C. W. Bailey, President of the First National Bank at Clarksville, Tenn.

Speakers For A. I. B. Convention In June

Henry W. Koeneke, President of the American Bankers Association; Dr. Fred C. Wiegman, President of Midland College, Fremont, Neb.; Francis Marion Law, President of the First National Bank, Houston, Tex., and Keehn W. Berry, President of the Whitney National Bank, New Orleans, will be the featured speakers at the general sessions of the annual convention of the American Institute of Banking in New Orleans, June 8 to 11, it is announced by George T. Newell, A.I.B. President, who is Vice-President of the Manufacturers Trust Co., New York City.

Delegates to the convention attending the first general session, which will be held June 9, will hear an address of welcome by Mr. Berry, who is President of the New Orleans Clearing House Association, and speeches by Mr. Koeneke and Dr. Wiegman. Annual reports of the Institute's national officers and committee chairmen will also be presented at this session and nominating speeches on behalf of candidates for the Institute's national offices for the ensuing year will be given.

The second general session of the convention on June 11 will feature the inauguration of new A.I.B. officers and executive council members, and an address by Mr. Law, who is a past President of the American Bankers Association and President of the board of directors of Texas Agricultural and Mechanical College.

FDR Warns Inflation In Advancing Prices

President Roosevelt declared to the nation on Mar. 9 that "if all prices keep on going up we shall have inflation of a very dangerous kind." Speaking over a nation-wide radio hook-up to a series of community dinners celebrating the ninth anniversary of the Administration's farm program, the President warned that this will "greatly increase the cost of the war and the national debt, hamper the drive for victory, and inevitably plunge everyone—city workers and farmers alike—into ruinous deflation deflation later on." Mr. Roosevelt added that while the fight against inflation is not fought with bullets, "it is equally vital" and calls for cooperation and restraint on the part of labor, business and the farmer and the Government's unflagging vigilance and effective action "to prevent profiteering and unfair returns, alike, for services and for goods.

At the start of his brief address, the President said that he was certain that the American people "are not now, and have not been, complacent," but, on the contrary, "are keenly aware" of the job they have to do. He also said that the increased incomes to the various groups have been kept "fairly well in balance" and that the national record is "pretty good" when 90% of the population is cooperating and less than 10% "is chiseling."

The President was preceded on the radio program by Vice-President Wallace and Secretary of Agriculture Wickard.

The text of the President's address follows:

> No one can think back over the last nine years without coming to the conclusion that the most significant single fact in recent American history is the ability of the American people to face a tough situation and to take orderly and united action in their own behalf and in behalf of the things in which they believe.
>
> There has been a considerable amount of discussion lately about the alleged complacency of the American people. Newspaper editors and commentators have been telling us that the American people are complacent—that they are apathetic.
>
> I think I know the American people pretty well. A lot of them write to me. A lot of them send me messages of one sort or another. They talk to me pretty frankly. If there is one single thing of which I am certain, it is that the American people are not now and have not been, complacent.
>
> On the contrary, they are keenly aware of the situation in which they find themselves, and they are whole-heartedly and entirely committed to action. Now, as a decade ago, they are facing up to the job they have to do, and they propose to see to it that the job is done.
>
> Americans are preparing with all possible speed to take their places on the battlefronts. Workers in the mills and mines are laboring long hours, under great pressure, to turn out the weapons and equipment without which the war cannot be won. Men and women in thousands of communities are giving their time and energy in the work of civilian defense. And out in the country, farmers are straining eevry effort to produce the food which, like the tanks and planes, is absolutely indispensable to victory.
>
> The members of each of these various groups know the extent to which they themselves are responding. But they do not always know what is being done by the others. And that gives an opportunity to the enemy to get in some deadly blows. That gives an opportunity to the enemy to spread malicious words.
>
> Labor, says the evil whisper, is sabotaging the war program with strikes and slowdowns and demands for higher wages. Business, it says, is gouging the country with unconscionable profits. And the farmer, according to this treacherous voice, is using the war to grab all he can.
>
> Now it happens that, as a result of the war program, the incomes of all three groups on the average are substantially increased. Of course, there are instances where a few business men or a few workers, or a few farmers are demanding and getting more than they ought.
>
> But, in general, the increase to the different groups has keen kept fairly well in balance, and there has been only a moderate rise in the cost of living in city and country.
>
> It seems to me that we ought to feel proud of the undoubted fact that we are getting co-operations and a reasonably fair balance among 90% of our population and that if less than 10% of the population is chiseling, we still have a pretty good national record.
>
> But if all prices keep on going up, we shall have inflation of a very dangerous kind—we shall have such a steep rise in prices and the cost of living that the entire nation will be hurt. That would greatly increase the cost of the war and the national debt, hamper the drive for victory, and inevitably plunge every one—city workers and farm workers alike—into ruinous deflation later on.
>
> I wish some one would invent a better word that "inflation." What we really mean is that even though we may not realize it at the moment, it is not a good thing for the country to upset all the old standards if the cost of living goes up through the roof and wages go up through the roof. Actually, in such a case, we are no better off than we were before as individuals or heads of families, and it comes close to being true that that which goes up has to come down.
>
> This fight against inflation is not fought with bullets or with bombs, but it is equally vital. It calls for co-operation and restraint on the part of every group. It calls for mutual good will and a willingness to believe in the other fellow's good faith. It calls for unflagging vigilance and effective action by the Government to prevent profiteering and unfair returns, alike, for services and for goods.
>
> So, on this ninth anniversary of the founding of the national farm program, we can all rededicate ourselves to the spirit with which this common effort by the farmers came to birth. Never before in our history has there been as much need for unstinting service to the country.
>
> Hard, trying, difficult days are ahead. How hard and how bitter they will be depends on how well we can keep our eyes, our thoughts and our efforts directed toward the only thing that matters now for every one of us in the United Nations—winning the war.

Signs Cadet School Bill

President Roosevelt signed on March 4 a resolution authorizing the Maritime Commission to acquire, as a site for a permanent Atlantic Coast Cadet Training School, property at Kings Point, Great Neck, L. I., opposite Fort Schuyler. The House passed the measure on Jan. 15 and the Senate on Feb. 26.

Production Offensive Must Be First: Nelson

War Production Chief Donald M. Nelson declared on Mar. 10 that "we have been on the defensive long enough," but explained that the attack must begin at home on the production line before the war can be carried to a successful offensive against the enemy. In the second of four radio addresses on the war production effort, Mr. Nelson again stressed the basic importance of thoroughly cooperative action among management, labor and Government. He said that there is no one group to blame for the slack in production but added that it simply means "we have to work harder."

In explaining why cooperation is necessary, Mr. Nelson said "we either work together for the common good or we shall inevitably share the common evil of defeat."

The War Production Board Chairman had this to say to labor and management:

> We and you are on trial today before the American public. This is our last chance to show that a free economy can survive and be strong. If free men in America can't use the strength which freedom gives to turn in a far better job than the slaves of our enemies, then freedom dies and that, may I add, includes the freedom of enterprise to which we are looking to deliver these goods.

In calling for more and more planes, tanks, ships and guns to carry the fight directly to the enemy, Mr. Nelson said he "believes the necessity for having those weapons now transcends all other matters in the public mind, either political or economic." He continued:

> If, therefore, we are to achieve victory for the ideals we free men have always loved, then we on the production lines must abandon every other consideration except increasing production and increasing it every day. If we fail in that we shall burn in the flames of a public wrath so intense that in its heat it might consume the very standards we have set for free men to live by.

Mr. Nelson further said that "if all our equipment now involved in war production were used 24 hours a day, seven days a week, we would practically double the man-hours being put into military production." In saying that production could be substantially increased by greater use of existing machinery, Mr. Nelson cited as examples plants which operate five and five-and-one-half days a week, those closed on Sundays and the percentage of plant capacity used by second and third shifts. In order to get much greater plant utilization, he explained that the WPB's production drive is one step and that another "involves the reorganized, hard-hitting procurement set-up of the Army, the Navy and the Maritime Commission integrated into a unified supply system" with the WPB.

Increased Construction Volume Last Month

Acceleration of the war construction program resulted in an increased volume of building and engineering contracts in the month of February, according to a statement released on March 14 by the F. W. Dodge Corporation. Total contracts awarded last month in the 37 Eastern States amounted to $433,557,000, compared with $316,846,000 in January and $270,373,000 in February 1941. The accumulated dollar volume of contracts let during the first two months of this year is 30% greater than the figure for the corresponding period of 1941. In spite of this substantial increase, the augmented program has scarcely gotten into full stride. Contract totals for these 37 states averaged over $500,000,000 a month during 1941, and this year's program is expected to top that of last year.

Last month's contracts, in comparison with those of February, 1941, showed the following dollar volume increases: heavy engineering construction, up 6%; nonresidential building, up 38%; residential building, up 62%.

President Opposed To Merging Army & Navy

President Roosevelt asserted that he is not in favor of proposals for a merger of the Army and Navy or for creation of a supreme command and declared that the services appeared to be working together pretty well under the present system. Speaking at his press conference the President said he had not heard of the bill introduced earlier in the day by Senator Clark (Dem., Mo.) for unification of the War and Navy Departments into a Department of National Defense, but said that it made little difference whether the armed forces were under one department or several. He then added that they are now working well together.

At the same time, the President dismissed the possibility of establishing a supreme command. It was reported that Senator Chandler (Dem., Ky.) had said that the Administration was considering such a step, but Mr. Roosevelt asked what the term "supreme command" meant, declaring that most of the people who talked or wrote about the subject were unable to define its meaning.

NYSE Members Approve Commission Rate Rise

Members of the New York Stock Exchange on Mar. 12 adopted the proposed amendment to its commission law increasing the rates approximately 25% above the present ones. The new schedule, which had been approved by the Board of Governors on Feb. 26 and submitted to the membership for consideration, went into effect on transactions made beginning Mar. 16. As was stated in our issue of Mar. 5, page 929, wherein we noted the approval of the Governors, generally, a flat increase of 1 cent a share on stocks selling between 50 cents and $10 is called for under the new schedule. On stocks selling between $10 and $90, the commissions are progressively increased at the rate of ¼ of 1% of the selling price. At $90 a share and above, a minimum commission of 35 cents a share will be charged. These non-member rates apply both to 100-share-unit and 10-share-unit stocks and to round-lot and odd-lot orders. Provisions have also been made to increase the non-member and member commissions on bonds in the case of orders for less than five bonds. Such commissions on orders for five bonds or more remain unchanged.

Hughes Named Chairman

Dr. Joseph E. Hughes, President of the Washington Irving Trust Co., of Tarrytown, N. Y., has been elected Chairman of the Board of Trustees of the New York State Bankers Retirement System, it was announced on March 12 at the System's headquarters in the Federal Reserve Bank building. He succeeded David C. Warner President of the Endicott Trust Co., Endicott, who was named Vice-Chairman. Harold J. Marshall, Secretary of the New York State Bankers Association, has become Secretary of the Retirement System, succeeding W. Gordon Brown. Adrian M. Massie, Vice-President of the New York Trust Company, continues as the System's Treasurer, and Albert L. Muench, Assistant-Secretary of the New York State Bankers Association, continues as Assistant-Secretary.

Dr. J. W. T. Duvel Retires

Dr. J. W. T. Duvel, Associate Chief of the Commodity Exchange Administration and widely known for his work in grain standardization and Federal regulation of futures trading, retired on Feb. 28 after more than 36 years' service in the Department of Agriculture. Dr. Duvel served as botanist and crop technologist from 1902 to 1918 in the Bureau of Plant Industry and the Bureau of Markets, and as Chief of the Grain futures Administration and its successor, the Commodity Exchange Administration, from 1925 to 1940. He resigned as Chief of the Bureau in 1940 and, as Associate Chief, devoted himself to special research work. Old-time associates in the Department of Agriculture on Feb. 28 joined employees of the Commodity Exchange Administration in presenting Dr. Duvel with a watch and a leather-bound testimonial in token of his long and distinguished service in the Department. As to his activities, the Department's announcement said:

> Born near Wapakoneta, Ohio, in 1873, Doctor Duvel was graduated from Ohio State University in 1898 and received his Doctor of Science degree at the University of Michigan in 1902. Shortly afterward he went to work in the Bureau of Plant Industry and devised and developed an instrument for testing the moisture content of grain which became standard throughout the country. From 1908 to 1918 Doctor Duvel guided the important grain standardization studies of the Department.
>
> In August, 1918, he joined the staff of the U. S. Grain Corp., agency of the wartime Food Administration. In 1920 he became a member of a grain firm in Winnipeg, Canada, where he was in close touch with the operation of the Canadian grain futures market.
>
> In 1922, the year in which the Grain Futures Act was passed, providing regulation of American grain markets, Dr. Duvel returned to the Department of Agriculture to participate in the administration of that Act. In 1925 he became Chief of the Grain Futures Administration. While the Bureau, under the original Act, was primarily a fact-finding agency with limited regulatory powers, under Dr. Duvel's leadership its investigations and research work laid the basis for the Commodity Exchange Act amendments of 1936 which broadly extended Federal regulation of futures trading and included other agricultural commodities in addition to grain.
>
> For a part of 1918, Dr. Duvel's services were loaned to the Australian Government to help in developing wartime grain production in the semi-arid areas of New South Wales. He remained there for several months, acquiring a keen interest in the progress of Australia. In recognition of his work in Australian agriculture, in 1938 he was elected an honorary life member and presented with a gold medal by the Royal Agricultural Society of New South Wales, an organization which holds a position of leadership in the agriculture of that country.
>
> The many publications of which Dr. Duvel is the author include numerous bulletins dealing with grain standardization and futures trading.

Dec. Statistics For Electric Lt. & Pr. Industry

Electrical research statistics for the month of December, 1941, and 1940, covering 100% of the electric light and power industry, as released on March 10 by the Edison Electric Institute, follow:

SOURCE AND DISPOSAL OF ENERGY

	—Month of December—		
*Generation (net)—	1941	1940	% Change
By fuel burning plants	11,147,565,000	9,057,377,000	+23.1
By water power plants	4,491,459,000	4,398,558,000	+ 2.1
Total generation	15,639,024,000	13,455,935,000	+16.2
Add—Net imports over intern. boundaries	85,342,000	79,404,000	+ 7.5
Less—Company use	281,140,000	157,702,000	+78.3
Less—Energy used by producer	356,774,000	535,418,000	—33.4
Net energy for distribution	15,086,452,000	12,842,218,000	+17.5
Losses and unaccounted for	2,333,299,000	1,947,200,000	+19.8
Sales to ultimate customers	12,753,153,000	10,895,018,000	+17.1

CLASSIFICATION OF SALES

	—As of December 31—		
Number of Customers—	1941	1940	% Change
Residential or domestic	26,025,513	24,951,906	+ 4.3
Rural (distinct rural rates)	986,719	685,812	------
Commercial or industrial:			
Small light and power	4,299,939	4,260,255	+ 0.8
Large light and power	172,668	177,905	
Other customers	122,493	115,123	------
Total ultimate customers	31,607,332	30,191,001	+ 4.7

	—Month of December—		
Kilowatt-Hour Sales—	1941	1940	% Change
Residential or domestic	2,392,699,000	2,222,268,000	+ 7.7
Rural (distinct rural rates)	147,892,000	108,912,000	+35.8
Commercial or industrial:			
Small light and power	2,188,823,000	2,033,724,000	+ 7.6
Large light and power	6,866,867,000	5,448,145,000	+26.0
Street and highway lighting	223,620,000	216,601,000	+ 3.2
Other public authorities	301,081,000	248,045,000	+21.4
Railways and railroads:			
Street and interurban railways	368,518,000	368,012,000	+ 0.1
Electrified steam railroads	200,343,000	182,571,000	+ 9.7
Interdepartmental	63,310,000	66,740,000	— 5.1
Total to ultimate customers	12,753,153,000	10,895,018,000	+17.1
Revenue from ultimate customers	$239,460,500	$219,913,100	+ 8.9

RESIDENTIAL OR DOMESTIC SERVICE (Revised Series)

	—12 Months Ended Dec. 31—		
Average Customer Data—	1941	1940	% Change
Kilowatt-hours per customer	986	952	+3.6
Average annual bill	$36.78	$36.56	+0.6
Revenue per kilowatt-hour (cents)	3.73	3.84	—2.9

*By courtesy of the Federal Power Commission.

Liquidation Of Insolvent National Banks

During the month of February, 1942, the liquidation of nine insolvent National Banks was completed and the affairs of such receiverships finally closed, Preston Delano, Comptroller of the Currency, announced on March 13. His announcement also explained:

> Total disbursements, including offsets allowed, to depositors and other creditors of these nine receiverships, amounted to $68,228,523, while dividends paid to unsecured creditors amounted to an average of 102.37% of their claims. Total costs of liquidation of these receiverships averaged 4.00% of total collections from all sources including offsets allowed.
>
> Dividend distributions to all creditors of all active receiverships during the month of February, amounted to $3,184,216. Data as to results of liquidation of the receiverships finally closed during the month are as follows:

INSOLVENT NATIONAL BANKS LIQUIDATED AND FINALLY CLOSED DURING THE MONTH OF FEBRUARY, 1942

Name and Location of Bank—	Date of Failure	Total Disbursements to Creditors Including Offsets Allowed	Per Cent Dividends Declared to All Claimants	Capital Stock at Date of Failure
Industrial Savings Bank, Washington, D. C.*	9-20-34	$542,125	35.00	$50,000
Will County National Bank, Joliet,, Ill.	7-15-31	2,519,289	72.71	200,000
National Bank of Niles Center, Illinois*	1-12-34	1,055,465	‡108.19	100,000
First National Bank of Burlingame, Kan.§¶	11-19-40	264,142	**103.27	82,000
First National Bank, Ypsilanti, Michigan*	10-26-33	1,910,466	†71.39	150,000
First National Bank, Emporium, Pennsylvania	9-24-32	866,604	56.1	200,000
Bank of Pittsburgh, N. A., Pittsburgh, Pa.¶	9-21-31	54,755,471	†**111.521	3,000,000
Exchange National Bank, Pittsburgh, Pa.	10-23-31	5,912,206	89.08	750,000
Point Pleasant National Bank, Point Pleasant, W. Va.£	3-8-39	402,755	94.1	30,000

*Formerly in conservatorship. †Including dividends paid through or by purchasing bank. ‡100% principal and partial interest paid to creditors. §Federal Deposit Insurance Corp. appointed as receiver in accordance with Banking Act of 1933. ¶Shareholders' agent elected to continue liquidation after payment by receiver of principal and interest in full to creditors. **100% principal and interest in full paid to creditors.

Plant Conversions Increase Unemployment

An increase of more than 1,000,000 in the number of unemployed in January brought the total for that month to 4,150,000, the largest number since April, 1941, according to the Division of Industrial Economics of The Conference Board. Despite this increase, only about half as many persons were idle as in January, 1941, when the number of unemployed totaled 8,026,000. More than 10,000,000 were unemployed in January, 1940, says the Board, in its advices of March 13, which further said:

> Estimates of the number of persons laid off in January because of plant conversion or curtailment growing out of war production needs range from 300,000 to 500,000. According to a sample survey by the WPA, the number of persons who held jobs but who were not actually at work on them increased from 500,000 in December to 1,000,000 in January. Most of this increase is attributed to the impact of conversion.
>
> Another indicator of the effect of the conversion program upon employment is the fact that manufacturing employment decreased three times as much in January, 1942, as it did in January, 1941. Only the fact that workers are continually being absorbed in "going" war plants and industries has prevented the employment drop from being substantially greater.
>
> Industrial unemployment has naturally increased the most in Michigan and neighboring states, in those sections where the automobile plants and related metal-refining and metal-fabricating establishments are located.
>
> The greatest decline in January, amounting to 623,000, took place in trade, distribution and finance. Most of these persons had in December held jobs in department stores or in other establishments hiring extra help during the holiday rush.
>
> Construction employment also fell off considerably, with 266,000 fewer workers active than in December. This number is in contrast with the 120,000 dropped from payrolls in January, 1941. Completion of current projects and more unfavorable weather are among the reasons ascribed for the heavier curtailment of construction employment this January.
>
> Manufacturing payrolls were decreased in January by only 163,000, despite a growing volume of "priority unemployment." Almost all persons laid off for this reason are expected to be back at work as soon as plants are retooled and otherwise made ready for production of war goods.
>
> Smaller decreases in employment occurred in transportation, public utilities, and mining. There were also 97,000 fewer workers in the service industries (including the armed forces), and 34,000 fewer engaged by miscellaneous industries.
>
> The only upswing in employment in January was in the agricultural occupations, which absorbed 275,000 workers. Competition for hired hands, and particularly for those below and above the draft age, was one of the causes for the increase in agricultural employment in January, according to the "Farm Labor Report" of the Department of Agriculture. Employment of hired hands was the greatest for any January since 1930, and more youths and older persons not likely to be affected by the draft were employed than at any other time in the past twenty years.
>
> Unemployment insurance benefits, which had already begun to turn upward in December, were increased sharply in January. The various unemployment compensation agencies paid out $41,000,000 in benefits covering 4,500,000 man weeks of idleness. Almost 1,000,000 workers received benefits in January, or about two-thirds more than in December. These payments were more than tripled in Michigan and were markedly higher in Indiana, Wisconsin, Ohio, and New Jersey. They would probably continue at a high level during February, according to the Social Security Board.

The Board's estimates of unemployment and of employment by broad occupational classifications are presented in the attached table for January, 1942; December, November, and January, 1941; and for January, 1940.

EMPLOYMENT AND UNEMPLOYMENT, JANUARY, 1942 (In Thousands)

Distribution of Labor Force—	—January—		—1941—		1942
	1940	1941	Nov.	Dec.p	Jan.p
Total unemplayment	10,765	8,026	2,793	3,146	4,150
Total employment (including armed forces)	43,333	46,556	52,155	51,841	50,872
Agriculture	8,781	8,782	9,349	8,665	8,940
Forestry and fishing	190	197	209	202	201
Total industry	15,964	18,053	20,805	20,507	20,017
Extraction of minerals	760	759	806	805	802
Manufacturing	11,028	12,053	13,890	13,821	13,658
Construction	1,347	2,321	2,798	2,602	2,336
Transportation	1,892	1,950	2,269	2,238	2,183
Public utilities	938	969	1,042	1,041	1,039
Trade, distribution and finance	7,480	7,553	8,047	8,408	7,785
Service industries (including armed forces)	9,981	10,947	12,585	12,888	12,791
Miscellaneous industries	937	1,024	1,161	1,171	1,137
*Emergency employment, WPA, CCC, and NYA (out-of-school)	2,904	2,583	1,502	1,463	1,373

*Not included in employment total. p Preliminary.

Anthracite Shipments—February 1942

Shipments of Anthracite for the month of February 1942, as reported to the Anthracite Institute, amounted to 3,969,257 net tons. This is an increase, as compared with shipments during the preceding month of January, of 217,550 net tons, or 5.8%, and when compared with February 1941, shows an increase of 160,921 net tons, or 4.2%.

Shipments by originating carriers (in net tons) were reported as follows:

Month of—	Feb. 1942	Jan. 1942	Feb. 1941	Jan. 1941
Reading Co.	979,478	918,922	849,993	980,626
Lehigh Valley RR.	719,019	738,117	706,919	778,048
Central RR. of New Jersey	384,343	334,460	381,190	413,710
Delaware Lackawanna & Western RR.	476,734	441,586	539,937	574,782
Delaware & Hudson RR. Corp.	370,441	319,204	334,451	377,128
Pennsylvania RR.	399,617	414,047	395,556	422,816
Erie RR.	334,751	314,954	317,852	350,721
New York Ontario & Western Ry.	77,934	78,452	90,886	98,050
Lehigh & New England RR.	226,940	191,965	191,552	214,275
Total	3,969,257	3,751,707	3,808,336	4,210,156

Draft Of Bill Permitting Small Business To Participate In War Production Completed

Completion of the drafting of a bill designed to permit small business to participate in war production was effected on March 6 by a subcommittee of the Senate Banking and Currency Committee, and approved by Donald M. Nelson, Chairman of the War Production Board. The proposed legislation, based on a bill originally proposed by Chairman James E. Murray, of Montana (Democrat), of the Senate Small Business Committee and other committeemen, was amended by the Banking Subcommittee to guard against any division of Mr. Nelson's authority as Chief of War Production. Reference to the bill by Senator Murray and one by Congressman Sabath, was made in these columns Feb. 26, page 857. Testifying before the Senate Subcommittee on March 4, Mr. Nelson had indicated that he feared that the Murray bill as originally drawn might, by creating a special division of small business under the WPB, divide his authority and "unfortunately interfere" with war production. The committee was advised that the revisions made the measure acceptable to Mr. Nelson. Associated Press accounts from Washington, March 6, from which we quote added:

> The measure would create under the WPB a special deputy charged with the full responsibility for the relationship of small business to the all-out war production effort. He would be accountable only to Mr. Nelson.
>
> The bill also would establish a $100,000,000 Treasury-financed smaller war plants corporation to help small businesses convert to war production and to negotiate contracts with them directly.
>
> Mr. Nelson would head this corporation, and in addition to the special small business deputy, he would appoint three other corporation directors.
>
> The Nelson-headed corporation would be empowered to lend money and furnish facilities any way it saw fit to small manufacturing concerns and also would be endowed with the power of contractor.
>
> The corporation would have authority to parcel out among small manufacturers prime contracts for Army, Navy, maritime commission and other defense procurement divisions.
>
> The Banking Subcommittee Chairman, Senator James N. Hughes, Delaware Democrat, said he hoped to submit the new bill to the full banking committee later.

At the hearing before the subcommittee on March 4, Mr. Nelson stated that he believed that preservation of small business and industry was vital to a free enterprise system and that this was a consideration in the war production program although the first job was to win the war. Mr. Nelson was quoted as saying "a great deal can be done and must be done to bring small business into the war production effort," noting that a lack of rubber and shortage of sugar already had touched most small business and industry. The Associated Press (March 4) further reported:

> Mr. Nelson asserted that there were two problems—first, use of all small industry that can contribute to war production, and, second, possible relief or planning for those units not included.
>
> "The first is my problem and the second it not," Mr. Nelson said.
>
> Mr. Nelson approved a section of the bill creating an RFC financed smaller defense plants corporation to assist the smailer firms to convert to the war effort.
>
> This section, he said, was absolutely essential inasmuch as "one of the main difficulties of small business is adequate financing to get ready to handle war contracts."

From its Washington bureau March 4 the New York "Journal of Commerce" indicated that Mr. Nelson advocated inclusion of the following three provisions in the bill under discussion:

> (1) Vesting of responsiblity of handling the small business problem in the hands of the WPB Chairman rather than having a new devision set up by Congress;
>
> (2) Defining of the duties with no freezing of methods, and
>
> (3) Making it the duty of the chairman to incorporate small plants in war production to their maximum capacity, but not to make his duty the doling out of materials in relief fashion to concerns not figuring in war production.

Graves Resigns Tax Post

Mark Graves, President of the New York State Tax Commission, has resigned because of ill health. Mr. Graves had been in the State service for 35 years, having been employed in various capacities under 11 Governors. He had been head of the Tax Commission since 1933. Mr. Graves, who is 65 years old, began his career in the State service in 1907 as a municipal-accounts examiner in the Comptroller's office. Other posts he held during his career were Director of the Personal Income Tax Bureau, Research Director of the Board of Estimate and Control, member of State Tax Commission for eight years and State Budget Director.

Orders Protection Of Vessels, Harbors, Etc.

In a recent Executive Order, President Roosevelt called upon Secretary of the Navy Knox to be "primarily responsible for" and to "take such steps, institute such measures, and issue such regulations and orders as shall be necessary for, the safeguarding against destruction, loss or injury from sabotage or other subversive acts, accident, or other causes of a similar nature, or vessels, harbors, ports, and waterfront facilities in the United States and in Alaska, the Territory of Hawaii, Puerto Rico, and the Virgin Islands, except such waterfront facilities as may be directly operated by the War Department." The new Executive Order stipulated that "Executive Order No. 8972 of Dec. 12, 1941, authorizing the Secretary of War and the Secretary of the Navy to protect certain national-defense material, premises, and utilities from injury or destruction, is modified accordingly."

The Feb. 25 Executive Order of the President further stipulated:

> All agencies and authorities of the Government of the United States shall conform to all regulations and orders issued by the Secretary of the Navy pursuant to Section 1 hereof, and shall give such assistance and support to the Secretary of the Navy as their available facilities and personnel will permit.
>
> All state and local authorities and all persons are urged to assist and support the Secretary of the Navy at all times in the enforcement of this order, and to conform to all regulations issued heerunder.
>
> Except as provided by Section 1 hereof, nothing herein contained shall be construed as relieving any agency or authority of the United States from the performance of any duties now imposed by law upon it; and nothing herein shall limit or modify the duty and responsibility of the Federal Bureau of Investigation, Department of Justice, with respect to the investigation of alleged acts of sabotage, espionage, or other types of subversive activities, or require it to furnish facilities or personnel under Section 2 of this order.
>
> The Secretary of the Navy may delegate to such officers under his direction as he may deem necessary any of the powers and duties conferred upon him by any of the provisions of this order.

Plan For "Staggering" Work Hours Favored

A majority of the firms which answered a questionnaire, recently sent to business men by the Commerce and Industry Association of New York, Inc., on the question of staggering working hours in New York City favor such a proposal and in many instances have already adopted stagger plans, according to a preliminary report on the Association's survey recently made public.

In making the survey public, Thomas Jefferson Miley, Secretary of the Association, declared that many additional returns were expected and that when the complete results were obtained they would be placed in the hands of Commissioner George A. Sloan of the City's Department of Commerce which developed the plan. The announcement of the Association said:

> The plan is proposed as a wartime measure, and, if adopted, would shift the arrival and departure of a sufficient number of employees so as to extend the present 8 to 9 morning rush hour from 7:30 to 9:30 and similarly "stagger" the present 5 to 5:30 quitting time to from 4:30 to 6 p.m. Changed schedules would apply to either groups of employees or entire personnel of a firm.
>
> A total of 175 firms, representing approximately 80 different types of business and employing a total of 24,043 persons, reported to the Association, in answer to a question on employees' delay due to congestion. 62% reported that they had experienced such delay and of this number, 70% said it was due to subways, 19% to buses, 8% to surface cars, while only 3% reported delay due to street congestion. The employees in question were reported to live in all 5 Boroughs, the majority of them using the subway to get back and forth from work. Other transit means reported used include the New York Central, Long Island, Erie, Delaware, Lackawanna and Western railroads, various bus lines and the Second and Third Avenue elevated lines.

"22% of the reporting firms stated that they already have a stagger system of their own installed," the report went on. "43% expressed a willingness to rearrange their working schedules if a general stagger plan is adopted; and 19% refused."

The Chamber of Commerce of the State of New York has announced its approval of the plan to stagger work hours. Arthur M. Reis, Chairman of the Chamber's Committee on Public Service in the Metropolitan District, said that "serious congestion already exists in certain sections in subway, bus and pedestrian travel during the rush hours," and that the situation "will grow worse as production for national defense increases." The plan was discussed in these columns of March 12, page 1059.

Prohibit Civil Flying Over Hyde Park

President Roosevelt signed an Executive Order on March 7 prohibiting flights by commercial aircraft over or near his Hyde Park (N. Y.) estate without special permission from the Administrator of Civil Aeronautics. The order, designed for the President's safety, creates an "air space reservation." Similar orders had been issued some time ago barring flights over the area near the White House in Washington.

Retail Prices Advanced Further In February According To Fairchild Publications Index

Following the sharp gain of last month, retail prices have continued to advance, according to the Fairchild Publications Retail Price Index. Compared to last month's index of 110.2 (Jan. 3, 1931=100), the 111.9 index as of March 1 showed a rise of 1.5%. This follows the advance of 1.8% during January, which was the largest since September, 1941. Prices are now 18.4% above the same period of 1941, and 25.9% above the period prior to the outbreak of the war in 1939. Under date of March 13, the publication further said:

> All the major groups showed increases during the month of February. Piece goods showed the greatest monthly advance, 3.5%, and was followed by women's apparel with 1.7%. Home furnishings showed the least monthly gain, 1.4%. Piece goods also showed a very great increase above last year and over the period immediately preceding the outbreak of war in 1939, as did women's apparel and home furnishings. As in January, infants' wear advanced the least during these two periods.
>
> This month there were no decreases in the commodities included in the index. For the first time since October, furs have recorded an increase. The greatest advances during the month were shown in cotton wash goods, sheets and pillowcases, aprons and housedresses, infants' socks and corsets and brassieres. Since the corresponding period last year, cotton wash goods, sheets and pillowcases, women's hosiery, aprons and housedresses, have gained the most. In practically the same order these commodities have shown increases over the 1939-1940 period.
>
> That the retail price advance is still almost as rapid as last month is due in part to the fact that the continued high level of retail sales has reduced low cost inventories further, according to A. W. Zelomek, economist, under whose supervision the index is compiled. As has been true during most of the time since war began, retail prices are still below a replacement basis, in addition to which many wholesale prices have also continued to advance. We can therefore still expect further gains in retail prices.

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
JAN. 3, 1931=100
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	May 1, 1933	Mar. 1, 1941	Dec. 1, 1941	Jan. 2, 1941	Feb. 1, 1942	Mar. 1. 1942
Composite Index	69.4	94.5	107.5	108.3	110.2	111.9
Piece Goods	65.1	87.6	103.7	105.0	107.1	110.8
Men's Apparel	70.7	89.3	97.5	98.1	101.1	102.7
Women's Apparel	71.8	93.3	106.9	107.7	109.1	111.2
Infants' Wear	76.4	97.6	103.2	103.7	104.9	106.7
Home Furnishings	70.2	96.0	109.5	110.2	112.7	114.3
Piece Goods						
Silks	57.4	69.7	80.7	81.3	82.1	83.9
Woolens	69.2	89.8	101.2	101.7	104.2	106.6
Cotton Wash Goods	68.6	103.3	129.2	132.0	134.9	141.8
Domestic						
Sheets	65.0	93.8	113.2	114.7	120.8	124.9
Blankets & Comfortables	72.9	117.2	125.3	125.5	128.8	132.0
Women's Apparel						
Hosiery	59.2	73.3	87.8	88.6	89.8	91.5
Aprons & House Dresses	75.5	106.6	127.4	129.5	134.2	138.4
Corsets & Brassieres	83.6	92.9	102.1	103.2	105.2	108.1
Furs	66.8	111.7	*136.4	*135.9	*134.0	*135.3
Underwear	69.2	87.0	97.7	98.8	100.6	102.1
Shoes	76.5	88.9	89.8	90.4	91.0	91.6
Men's Apparel						
Hosiery	64.9	87.3	96.0	96.4	102.4	104.9
Underwear	69.6	92.0	105.5	106.2	110.4	111.7
Shirts & Neckwear	74.3	86.1	91.8	93.1	96.1	97.9
Hats & Caps	69.7	83.5	89.4	89.4	90.8	91.8
Clothing incl. Overalls	70.1	92.3	99.7	100.0	102.2	103.4
Shoes	76.3	94.7	102.6	103.8	104.5	106.6
Infants' Wear						
Socks	74.0	103.6	107.3	107.3	108.8	112.0
Underwear	74.3	95.2	100.7	101.2	102.1	102.8
Shoes	80.9	93.9	101.5	102.5	103.8	105.2
Furniture	69.4	104.8	125.5	126.6	128.6	129.8
Floor Coverings	79.9	127.8	140.4	140.7	143.9	144.8
Radios	50.6	53.5	*65.6	*65.7	*66.3	*66.6
Luggage	60.1	76.0	*89.7	*89.7	*92.6	*93.3
Electrical Household Appliances	72.5	79.8	*91.1	*91.6	*92.2	*92.7
China	81.5	94.8	105.6	106.4	108.5	109.6

Note—Composite Index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.

*The Federal tax of 10% at retail is excluded in the computation of the fur index. The excise taxes on luggage, radios, and electrical appliances are levied on the manufacturers.

Wholesale Commodity Prices Up Slightly In Week Of March 7, Reports Labor Bureau

The Bureau of Labor Statistics, U. S. Department of Labor, announced on March 12 that commodity prices in primary markets fluctuated within a narrow margin during the first week of March, except for a reaction in agricultural prices following the marked advances in February. The rise of 0.1% during the week brought the Bureau's index of nearly 900 price series to a new 13-year peak at 96.9% of the 1926 average. In the past year prices have risen 20% and are now 29% above their pre-war level.

The Bureau's announcement further said:

> Average prices for foods advanced 0.3% during the week; textile products, 0.2%; and hides and leather products, fuel and lighting materials and miscellaneous commodities 0.1%. Prices of farm products declined 0.5%, and prices for the other major groups remained unchanged at last week's levels.
>
> The index for foods advanced with sharp increases in prices for meats, particularly pork and veal, and for canned and dried fruits. There were also increases for fresh beef, and dressed poultry, and for oatmeal, oleomargarine, and peanut butter. The market was seasonally lower for certain fresh fruits and vegetables and for eggs. Flour and cattle food declined slightly.
>
> Grain and livestock markets reacted during the week, with lower prices for all grains except corn, and for most livestock, except hogs and sheep. In addition sharp declines were reported for apples, lemons, beans and potatoes. Cotton, on the contrary, advanced slightly. Notwithstanding this recent decline, average prices for farm products are still 44% above a year ago.
>
> Minor price increases were reported for shoes and for clothing, cotton goods and woolen and worsted goods.
>
> Heavy stocks forced prices for gasoline down in the Mid-continent area while Pennsylvania fuel oil advanced.
>
> Average prices for lumber declined 0.8% as lower prices were reported for maple and oak flooring, for most types of yellow pine lumber and for turpentine. Prices were higher for Ponderosa pine and for tung and linseed oils.
>
> Higher prices were reported for boxboard and for soap.
>
> The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Feb. 7, 1942 and March 8, 1941 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Feb. 28 to March 7, 1942.

(1926=100)

						Percentage changes to March 7, 1942 from		
Commodity Groups—	3-7 1942	2-28 1942	2-21 1942	2-7 1942	3-8 1941	2-28 1942	2-7 1942	3-8 1941
All Commodities	96.9	96.8	96.5	95.7	80.6	+0.1	+1.3	+20.2
Farm products	101.5	102.0	101.9	100.1	70.5	—0.5	+1.4	+44.0
Foods	95.8	95.5	94.8	93.7	73.4	+0.3	+2.2	+30.5
Hides and leather products	116.4	116.3	116.1	115.8	102.5	+0.1	+0.5	+13.6
Textile products	95.1	94.9	93.7	93.5	76.6	+0.2	+1.7	+24.2
Fuel and lighting materials	78.5	78.4	78.5	78.4	72.6	+0.1	+0.1	+ 8.1
Metals and metal products	103.7	103.7	103.6	103.6	97.9	----	+0.1	+ 5.9
Building materials	109.9	109.9	109.7	109.4	99.5	----	+0.5	+10.5
Chemicals and allied products	97.1	97.1	96.9	96.6	87.7	----	+0.5	+23.4
Housefurnishing goods	104.1	104.1	104.1	102.9	90.8	----	+1.2	+14.6
Miscellaneous commodities	89.2	89.1	89.1	88.2	76.8	+0.1	+1.1	+16.1
Raw materials	97.1	97.4	97.2	95.9	74.1	—0.3	+1.3	+31.0
Semimanufactured articles	92.0	91.9	91.9	91.9	82.2	+0.1	+0.1	+11.9
Manufactured products	97.7	97.4	97.1	96.3	83.8	+0.3	+1.5	+16.6
All commodities other than farm products	95.9	95.6	95.3	94.7	82.8	+0.3	+1.3	+15.8
All commodities other than farm products and foods	95.1	95.0	94.8	94.5	84.8	+0.1	+0.6	+12.1

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
FEB. 28, 1942 TO MARCH 7, 1942

Increases

Plumbing and heating	3.4	Other miscellaneous	0.2
Meats	2.3	Livestock and poultry	0.1
Cotton goods	0.3	Clothing	0.1
Woolen and worsted goods	0.3	Oils and fats	0.1
Paint and paint materials	0.3	Furnishings	0.1
Shoes	0.2	Paper and pulp	0.1
Petroleum products	0.2		

Decreases

Fruits and vegetables	1.5	Dairy products	0.6
Lumber	0.8	Cereal products	0.2
Other farm products	0.8	Cattle feed	0.2
Grains	0.6	Cement	0.1

Engineering Construction Down 8% In Week

Engineering construction volume for the week totals $133,267,000, an increase of 0.5% over the corresponding 1941 week, but 8% lower than the volume reported for last week by "Engineering News-Record" March 12.

Public construction tops the week last year by 8%, but is 2% below last week. Private work is 41 and 44% lower, respectively, than a year ago and a week ago.

The current week's construction brings the 1942 total to $1,542,271,000, a gain of 24% over the $1,245,406,000 reported for the eleven-week period in 1941. Private construction, $154,338,000, is 46½% under the volume for the period last year; but public work, $1,387,933,000, tops a year ago by 56% as a result of the 103% increase in Federal construction.

Construction volume for the 1941 week, last week, and the current week are:

	Mar. 13, 1941	Mar. 5, 1942	Mar. 12, 1942
Total construction	$132,626,000	$145,401,000	$133,267,000
Private construction	20,683,000	21,766,000	12,167,000
Public construction	111,943,000	123,635,000	121,100,000
State and municipal	27,620,000	10,766,000	11,052,000
Federal	84,323,000	112,869,000	110,048,000

In the clasified construction groups, gains over the preceding week are reported in bridges, earthwork and drainage, and unclassified construction. Increases over the corresponding 1941 week are in bridges, commercial building and large-scale private housing, and public buildings. Subtotals for the week in each class of construction are: waterworks, $959,000; sewerage, $1,204,000; bridges, $2,616,000; industrial buildings, $3,308,000; commercial building and large-scale private housing, $8,769.000; public buildings, $85,055,000; earthwork and drainage, $616.000; streets and roads, $6,626,000; and unclassified construction, $24,114,000.

New capital for construction purposes for the week totals $6,231,000, an increase of 18% over the volume for the 1941 week. The week's new financing is made up of $3,853,000 in state and municipal bond sales, and $2,378,000 in corporate security issues.

New construction capital for 1942, $1,382,371,000, is just double the $693,264,000 reported for the eleven-week period a year ago.

To Start Alaska Highway

Construction of a highway to Alaska by the United States is expected to be started upon completion by Army engineers of the tentatively approved route. The Canadian-American Joint Defense Board recently decided to recommend to President Roosevelt and Canadian Prime Minister Mackenzie King an immediate start on construction and Mr. King announced in Ottawa on March 6 that the Canadian cabinet had approved the project, based on military considerations.

The 1,500-mile road, from the State of Washington, through British Columbia and terminating in Fairbanks, Alaska, will follow approximately the general line of airfields constructed by the Canadian Government. The highway will connect with existing road systems of Canada and Alaska. Cost of the road is estimated at from $25,000,000 to $50,000,000, with the United States paying for the construction and wartime maintenance.

Secretary of the Interior Ickes said on March 10 that present plans call for completion of the road within one year.

Wage-Hour Law Affects Savings Bank Employees

Employees of ordinary mutual savings banks, as well as employees of commercial banks, are engaged in activities which are directly connected with and necessary to the conduct of interstate business, and are therefore entitled to the benefits of the minimum wage and overtime provisions of the Fair Labor Standards Act, it was announced on March 16 by L. Metcalf Walling, Administrator of the Wage and Hour Division, U. S. Department of Labor. The Department's announcement added:

> The Wage and Hour Division has consistently expressed its opinion that the normal activities of banks are of an interstate character and that as a result the Fair Labor Standards Act is generally applicable to bank employees. Because of the contention made by some mutual savings banks, that differences existing between their operations and those conducted by commercial banks rendered the Wage and Hour Law inapplicable to employees of savings banks, the Wage and Hour Division made a separate economic study of the latter type of financial institutions.

Confer With President

John G. Winant, United States Ambassador to Great Britain, conferred with President Roosevelt in Washington on March 9 for the first time since the American entrance into the war. Mr. Winant, who arrived in New York on March 8 aboard a Pan-American Airways clipper, said that he did not have any special mission in Washington but had merely come to find out what changes have taken place in order usefully to coordinate what has to be done in London. He expects to return to his post shortly.

Another diplomat who conferred with the President on March 9 was Alexander W. Weddell, United States Ambassador to Spain, who has been in this country since Feb. 24.

Edison Convention Off

Due to heavy demands the war is imposing upon electric utility companies, the regular annual convention of the Edison Electric Institute will not be held this year, C. W. Kellogg, President of the Institute, announced on March 12 following a meeting of the Board of Trustees. The annual convention had been scheduled for the first week in June at Atlantic City.

Market Value Of Bonds on N. Y. Stock Exchange

As of the close of business Feb. 28, 1942, there were 1,165 bond issues aggregating $60,532,171,333 par value listed on the New York Stock Exchange with a total market value of $57,584,410,504, the Exchange announced on March 9. This compares with 1,171 bond issues aggregating $59,075,678,533 par value listed on the Stock Exchange on Jan. 31 with a total market value of $56,261,398,371.

In the following tables listed bonds are classified by governmental and industrial groups with the aggregate market value and average price for each:

Group—	Feb. 28, 1942 Market Value $	Feb. 28, 1942 Average Price $	Jan. 31, 1942 Market Value $	Jan. 31, 1942 Average Price $
U. S. Government (incl. States, Cities, etc.)	42,545,638,046	105.25	41,161,947,888	105.83
U. S. companies:				
Amusements	34,313,792	98.65	33,696,361	97.84
Automobile	13,871,297	103.15	13,850,866	102.99
Building	17,245,593	91.09	17,318,455	91.47
Business and office equipment	14,981,250	99.88	14,962,500	99.75
Chemical	76,597,500	99.61	77,251,750	100.46
Electrical equipment	36,237,500	103.54	36,075,000	103.07
Financial	58,730,665	100.01	58,964,518	100.15
Food	207,816,233	103.98	207,773,096	103.96
Land and realty	9,327,328	67.91	8,911,896	64.89
Machinery and metals	45,805,048	98.57	53,150,716	99.22
Mining (excluding iron)	91,240,802	56.90	89,076,589	55.39
Paper and publishing	57,644,899	100.67	59,023,570	100.44
Petroleum	591,839,671	108.47	618,611,137	102.74
Railroad	6,566,720,879	63.39	6,526,083,216	63.01
Retail merchandising	11,851,705	77.13	11,633,476	75.71
Rubber	69,571,920	94.68	70,380,618	95.78
Ship building and operating	11,242,560	98.00	11,314,260	98.63
Shipping services	17,228,540	62.18	16,953,350	61.18
Steel, iron and coke	551,880,989	100.29	553,012,145	100.47
Textiles	25,856,003	97.40	26,039,638	98.09
Tobacco	39,918,797	118.55	40,019,748	118.85
Utilities:				
Gas and electric (operating)	3,185,777,560	106.39	3,195,285,160	106.68
Gas and electric (holding)	108,495,546	102.86	109,297,125	103.62
Communications	1,191,161,776	106.24	1,194,980,576	106.58
Miscellaneous utilities	82,194,475	55.67	81,353,700	55.10
U. S. companies oper. abroad	98,483,591	54.16	100,478,218	52.55
Miscellaneous businesses	31,492,500	103.25	31,475,625	103.20
Total U. S. companies	13,247,528,419	77.99	13,256,973,309	77.85
Foreign government	1,110,611,410	49.28	1,136,341,591	50.41
Foreign companies	680,632,629	78.51	706,135,583	78.66
All listed bonds	57,584,410,504	95.13	56,261,398,371	95.24

The following table, compiled by us, gives a two-year comparison of the total market value and the total average price of bonds listed on the Exchange:

1940—	Market Value	Average Price	1941—	Market Value	Average Price
Feb. 29	49,605,261,998	91.97	Feb. 28	$50,277,456,796	$92.72
Mar. 30	50,006,387,149	92.86	Mar. 31	52,252,053,607	93.73
April 30	49,611,937,544	92.48	April 30	52,518,036,554	94.32
May 31	46,936,861,020	87.87	May 30	52,321,710,056	94.22
June 29	47,665,777,410	90.14	June 30	53,237,234,699	94.80
July 31	48,601,638,211	90.96	July 31	53,259,696,637	95.04
Aug. 31	49,238,728,732	91.33	Aug. 30	53,216,867,646	94.86
Sept. 30	49,643,200,867	92.08	Sept. 30	53,418,055,935	94.74
Oct. 31	50,438,409,964	92.84	Oct. 31	55,106,635,894	95.25
Nov. 30	50,755,887,399	93.58	Nov. 29	54,812,793,945	94.80
Dec. 31	50,831,283,315	93.84	Dec. 31	55,033,616,312	94.50
1941—			1942—		
Jan. 31	50,374,446,095	93.05	Jan. 31	56,261,398,371	95.24
			Feb. 28	57,584,410,504	95.13

Lumber Manufacturing Statistics During Four Weeks Ended Feb. 28, 1942

We give herewith data on identical mills for the four weeks ended Feb. 28, 1942, as reported by the National Lumber Manufacturers Association on March 10:

An average of 470 mills report as follows to the National Lumber Trade Barometer for the four weeks ended Feb. 28, 1942:

(In 1,000 feet)	Production 1942	Production 1941	Shipments 1942	Shipments 1941	Orders Rec'd 1942	Orders Rec'd 1941
Softwoods	865,587	920,706	980,812	957,985	982,738	988,034
Hardwoods	49,124	40,473	51,393	45,634	47, 794	43,768
Total lumber	914,711	961,179	1,032,205	1,003,619	1,030,532	1,031,802

Production during the four weeks ended Feb. 28, 1942, as reported by these mills, was 5% below that of corresponding weeks a year ago. Softwood production in 1942 was 6% below that of the same weeks of 1941 and 16% above the records of comparable mills during the same period of 1940. Hardwood output was 21% above production of the 1941 period.

Shipments during the four weeks ended Feb. 28, 1942, were 3% above those of corresponding weeks of 1941, softwoods showing a gain of 2%, and hardwoods a gain of 13%.

Orders received during the four weeks ended Feb. 28, 1942, were 0.1% below those of corresponding weeks of 1941. Softwood orders in 1942 were 1% below those of similar period of 1941 and 24% above the same weeks of 1940. Hardwood orders showed a gain of 9% as compared with corresponding weeks of 1941.

On Feb. 28, 1942, gross stocks as reported by 390 softwood mills were 2,756,105,000 feet, the equivalent of 70 days' average production (three year average 1939-40-41) as compared with 2,979,656,000 feet on March 1, 1941, the equivalent of 76 days' average production.

On Feb. 28, 1942, unfilled orders as reported by 388 softwood mills were 1,354,155,000 feet, the equivalent of 35 days' average production, compare dwith 1,067,020,000 feet, on March 1, 1941, the equivalent of 28 days' average production.

December Crude Oil Production Again Sets A New Record—Crude Runs Decline Further

Crude-oil production again set a new record in December, 1941, it is reported by the Bureau of Mines, U. S. Department of the Interior. The daily average output in December was 4,138,500 barrels, or about 27,000 barrels higher than in November. The preliminary total output for the year 1,404,182,000 barrels, a new annual record and 4% above 1940. The Bureau's report further states:

The increase in daily crude-oil production in Texas in December just about equaled the national gain. Decreases were recorded in California and Illinois, gains in Kansas and Oklahoma. New records were established in Kansas and in both the Texas and Louisiana Gulf Coasts.

Increasing production and declining crude runs to stills again were reflected in refinable crude-oil stocks, which showed the first substantial increase (about 3,200,000 barrels) since last March.

Refined Products

Crude runs to stills again declined, and for December the daily average was 4,032,000 barrels, compared with 4,051,000 barrels in November. Total crude runs in 1941 were 1,409,192,000 barrels, or 9% above 1940.

The yields of the three major products, gasoline, distillate, and residual all increased in December. The gasoline yield of 45.7% was 0.5% above November and close to an all-time peak.

The total demand for motor fuel in December was about 56,800,000 barrels, or 17% above the previous year. As in November, the material increase was related to the lack of restrictions on consumption and to increased defense demands. Pearl Harbor apparently had little effect on civilian consumption but probably spurred sales to the Army and Navy. Inventories of finished and unfinished gasoline increased about 7,000,000 barrels, or more than contemplated because of the high yield.

The demand for fuel oils in December was roughly 10% over a year ago but there was a slight decline in kerosine consumption.

According to the Bureau of Labor Statistics, the price index for petroleum and products in December 1941 was 59.8, compared with 60.4 in November and 49.5 in December, 1940. In January, 1942, the index was 59.5, compared with 50.0 in January, 1941.

The crude oil capacity represented by the data in this report was 4,591,000 barrels, hence the operating ratio was 88%, compared with 88% in November and 82% in December, 1940.

SUPPLY AND DEMAND OF ALL OILS

(Thousands of barrels)

	Dec., 1941	Nov., 1941	Oct., 1941	†Dec., 1940	January-December 1941	January-December †1940
NEW SUPPLY						
Domestic production:						
Crude petroleum	128,293	123,355	126,145	110,772	1,404,182	1,353,214
Daily average	4,138	4,112	4,069	3,573	3,847	3,697
Natural gasoline	6,082	5,994	5,952	4,988	64,204	55,700
Benzol	323	287	296	299	3,469	3,167
Total production	134,698	129,636	132,393	116,059	1,471,855	1,412,081
Daily average	4,345	4,321	4,271	3,744	4,032	3,858
Imports:						
Crude petroleum	*	*	*	4,733	*	42,662
Refined products	*	*	*	4,219	*	41,089
Total new supply, all oils	*	*	*	125,011	*	1,495,832
Daily average	*	*	*	4,033	*	4,087
Decrease in stocks, all oils	‡1,469	‡2,066	‡3,962	2,880	10,934	‡38,746
DEMAND						
Total demand	*	*	*	127,891	*	1,457,086
Daily average	*	*	*	4,126	*	3,981
Exports:						
Crude petroleum	*	*	*	2,074	*	51,496
Refined products	*	*	*	4,917	*	78,970
§Domestic demand:						
Motor fuel	*	*	*	46,452	*	589,490
Kerosene	*	*	*	7,808	*	68,776
Distillate fuel oil	*	*	*	19,702	*	160,851
Residual fuel oil	*	*	*	34,278	*	340,163
Lubricating oil	*	*	*	1,875	*	24,690
Wax	*	*	*	113	*	1,275
Coke	*	*	*	703	*	7,034
Asphalt	*	*	*	1,313	*	28,182
Road oil	*	*	*	169	*	7,849
Still gas	*	*	*	6,022	*	75,950
Miscellaneous	*	*	*	219	*	2,411
Losses	*	*	*	2,246	*	19,949
Total domestic demand	*	*	*	120,900	*	1,326,620
Daily average	*	*	*	3,900	*	3,625
STOCKS						
Crude petroleum:						
Refinable in U. S.	246,884	243,679	243,735	264,709	246,884	264,709
Heavy in California	10,179	10,203	9,869	11,906	10,179	11,906
Natural gasoline	4,275	4,557	4,870	5,704	4,275	5,704
Refined products	290,375	291,805	289,704	282,265	290,375	282,265
Total, all oils	551,713	550,244	548,178	564,584	551,713	564,584
Days' supply	*	*	*	137	*	142

*Publication suspended. †Final figures. ‡Increase. §The Bureau was hopeful of being permitted to publish domestic demand figures for October, November, and December in this report. However, as there is no indication as to when a decision will be reached it was decided to release the report without further delay.

PRODUCTION OF CRUDE PETROLEUM BY STATES AND PRINCIPAL FIELDS

(Thousands of barrels)

	December, 1941 Total	December, 1941 Daily av.	Nov., 1941 Daily av.	*Dec., 1940	January-December 1941	January-December *1940
Arkansas	2,304	74.3	72.1	2,153	26,327	25,755
California:						
Kettleman Hills	1,075	34.7	38.7	1,207	13,982	16,730
Long Beach	1,193	38.5	38.8	1,295	14,697	16,010
Wilmington	2,662	85.8	87.6	2,506	30,673	30,195
Rest of State	14,660	472.9	485.5	13,726	170,911	160,946
Total California	19,590	631.9	650.6	18,734	230,263	223,881
Colorado	189	6.1	6.3	127	1,875	1,626
Illinois	12,332	397.8	403.9	10,553	134,138	147,647
Indiana	578	18.6	16.3	581	6,634	4,978
Kansas	7,957	256.7	248.5	5,932	83,261	66,139
Kentucky	394	12.7	11.8	428	4,762	5,188
Louisiana:						
Gulf Coast	8,682	208.1	273.5	6,843	90,554	79,178
Rodessa	391	12.6	13.4	503	5,212	6,859
Rest of State	1,697	54.7	57.3	1,607	20,142	17,547
Total Lousiana	10,770	347.4	344.2	8,953	115,908	103,584
Michigan	1,759	56.8	56.9	1,301	16,361	19,753
Mississippi	2,185	70.5	74.7	516	15,314	4,400
Montana	683	22.0	21.6	584	7,526	6,728
New Mexico	3,478	112.2	112.8	3,124	39,369	39,129
New York	468	15.1	13.8	397	5,185	4,999
Ohio	308	9.9	9.2	279	3,340	3,159
Oklahoma:						
Oklahoma City	2,645	85.3	86.4	3,022	33,199	38,051
Seminole	3,223	104.0	103.5	3,183	37,930	40,946
Rest of State	7,389	238.3	235.4	6,761	83,630	77,167
Total Oklahoma	13,257	427.6	425.3	12,966	154,759	156,164
Pennsylvania	1,527	49.3	45.7	1,444	16,750	17,353
Texas:						
Gulf Coast	12,798	412.8	405.9	10,258	135,139	122,166
West Texas	9,261	298.8	290.7	6,513	92,907	84,494
East Texas	11,940	385.1	380.7	11,060	132,586	141,023
Panhandle	2,702	87.2	84.8	2,371	27,831	26,716
Rodessa	319	10.3	11.0	477	4,712	6,607
Total Texas	10,480	338.1	332.7	9,331	114,409	112,203
Rest of State	47,500	1,532.3	1,505.8	40,011	507,584	493,209
West Virginia	302	9.8	9.0	281	3,433	3,444
Wyoming:						
Lance Creek	680	21.9	22.4	798	8,838	9,121
Salt Creek	426	13.8	13.5	446	5,156	5,201
Rest of State	1,442	46.5	42.4	1,076	15,700	11,389
Total Wyoming	2,548	82.2	78.3	2,320	29,694	25,711
Other	‡164	5.3	5.0	88	1,699	347
Total United States	128,293	4,138.5	4,111.8	110,772	1,404,182	1,353,214

*Final figures. ‡Missouri (4), Nebraska (159), Tennessee (1), and Utah (—).

War Effort Unhampered By Recreation Says FDR

President Roosevelt expressed his belief on March 10 that the war effort will be improved, not hampered, by "sensible participation in healthy, recreational pursuits, within reasonable limits."

He issued the following statement, it is learned, from Washington advises to the New York "Times":

> Many people have written to the Executive Office asking for some statement of the general attitude of the Federal Government toward the continuation of various sports, dramatics, concerts, vacations and general recreation and amusement during the war effort.
>
> Most of these letters point out that the writers are anxious to do their utmost to help in the prosecution of the war and wonder whether such activities are considered to be harmful to the prosecution of the war.
>
> It is, of course, obvious that the war effort is the primary task of everybody in the nation. All other activities must be considered secondary.
>
> Such recreation may come by participation in, or attendance at, various sports, motion picture, music, the drama, picnics, etc. All of them have a necessary and beneficial part in promoting an over-all efficiency by relieving the strains of war and work.
>
> The actual occurrence of very large gatherings, of course, must depend on local safety conditions of the moment.
>
> Within reasonable limits, I believe that the war effort will not be hampered, but actually improved, by sensible participation in healthy, recreational pursuits. It must be borne in mind, however, that "recreation as usual," is just as bad as "business as usual." Recreation under present conditions can be undertaken solely with the purpose of building up body and mind and with the chief thought that this will help win the war.

Increase Army-Navy Pay; Repeal Congress Pensions

President Roosevelt signed on March 9 the legislation repealing the law permitting Congressmen to obtain Government pensions. The pension repealer was included as a rider to an Army-Navy pay increase bill. The bill authorizes a 20% increase in the base pay of non-commissioned men and a 10% increase in officers' base pay while they are serving outside the continental limits of the United States. It also provides for continuing pay for persons reported missing while on active foreign military duty and for those captured by the enemy or interned in a neutral country.

Congressional repeal of the pension provision of the Civil Service Retirement Act was reported in our issue of March 5, page 960.

Walling Assumes Duties

L. Metcalfe Walling, newly-appointed Administrator of the Wage and Hour Division of the U. S. Department of Labor, has assumed his duties at the bureau's new offices at 1560 Broadway, New York City. The Wage-Hour Division was one of several Government agencies called upon to remove from Washington to make room for workers connected with the war effort. President Roosevelt named Mr. Walling as Wage-Hour Administrator on Feb. 26 and the Senate confirmed the nomination on Mar. 5. He will continue to serve in his old position as Administrator of the Public Contracts Division of the Labor Department but announced that he will try to integrate the services of the two divisions.

February Engineering Construction Up—Due Largely To Federal Contacts

Major engineering construction in February reached $634,823,000, and averaged $158,706,000 for each of the four weeks, second only to the record average of $191,733,000 reported for July, 1941. The current average topped all previous February marks according to "Engineering News-Record" release dated March 12, and was 50% higher than the corresponding 1941 month, and up 26% compared with January, 1942.

Federal construction was primarily responsible for the near-record volume, climbing 171% over the average for the month last year, and 32% over last month, to reach the second highest average ever registered. The stepped-up pace of Federal work boosted public construction 98% over a year ago and 22% above a month ago to its second highest peak. Private work exceeded the January weekly average by 70%, but was 50% below February, 1941.

Construction volumes reported for the three months by "Engineering News-Record" are:

	Feb., 1941 (4 weeks)	Jan., 1942 (5 weeks)	Feb., 1942 (4 weeks)
Total construction	$424,269,000	$628,780,000	$634,823,000
Private construction	137,920,000	51,121,000	69,284,000
Public construction	286,349,000	577,659,000	565,539,000
State and municipal	92,389,000	80,559,000	39,352,000
Federal	193,960,000	497,100,000	526,187,000

The tremendous volume of construction begun during the opening two months of 1942, $1,263,603,000, is 25% greater than the previous mark established during the period in 1941. Federal work, which made up 81% of this total, was 118% higher than a year ago and was responsible for the 64% increase in public construction as the state and municipal total decreased 47%. Private work, $120,405,000 for the two months, declined 62% from the $312,599,000 reported for a year ago.

Public buildings in the two-month period accounted for $735,854,000, or 57% of the 1942 volume, and were 80% above last year. In addition to public buildings, the main factor in the gain, earthwork and drainage jumped 516%, unclassified construction climbed 24%, and waterworks rose 29%. All other classes of work fell below their respective totals a year ago. These declines ranged from 43% in bridge construction to 65% in private industrial buildings.

Four of the six geographical sections of the nation registered gains over their 1941 two-month totals. Far West was up 64%; South, up 61%; west of Mississippi, 41%; and Middle West, 3%. New England and Middle Atlantic were 32 and 7% lower, respectively, than a year ago.

February, 1942, averages compared with those for the corresponding month last year revealed increases in public building, 170%; bridges, 7%; waterworks, 78%; earthwork and drainage, 80%; and unclassified construction, 19%. Decreases were in streets and roads, 62%; industrial buildings, 49%; commercial building and large-scale private housing, 50%; and sewerage, 53%.

Comparisons with January, 1942, averages showed gains in public buildings of 71%; industrial buildings, 110%; commercial building and large-scale private housing, 29%; waterworks, 81%; and unclassified construction, 1%. Losses were in streets and roads, 42%; bridges, 35%; sewerage, 19%; and earthwork and drainage, 64%.

Geographically, February averages exceeded their last year's marks in four regions. South climbed 47%; Middle West 51%; West of Mississippi, 85%; and Far West, 192%. The latter three areas also recorded gains over their January, 1942 totals. Middle West increased 81%; West of Mississippi climbed 114%; and Far West jumped 199%.

New Capital

New capital for construction purposes for February totaled $812,549,000, an increase of 39% over the volume for the corresponding month last year. The month's new financing was made up of $791,955,000 in Federal appropriations for military and naval construction, $13,798,000 in state and municipal bond sales, $4,267,000 in corporate security issues, and $2,500,000 in RFC loans for industrial expansion, and $29,000 in RFC loans for public improvements.

New construction financing for the year to date, $1,372,463,000, more than doubled the $679,111,000 reported for the opening two-month period in 1941.

Insolvent National Bank Dividends

Comptroller of the Currency, Preston Delano, announced on March 10 that during the month ended Feb. 28, 1942, authorizations were issued to receivers for payments of dividends to the creditors of nine insolvent national banks. Dividends so authorized will effect total distributions of $1,816,800 to 66,291 claimants who have proved claims aggregating $22,931,800, or an average payment of 7.92%. The Comptroller's announcement added:

> The minimum and maximum percentages of dividends authorized were 2.00% and 9.9%, while the smallest and largest payments involved in dividend authorizations during the month were $12,900 and $830,100, respectively. All nine dividends authorized during the month were final dividend payments. Dividend payments so authorized during the month ended Feb. 28, 1942, were as follows:

DIVIDEND PAYMENTS TO CREDITORS OF INSOLVENT NATIONAL BANKS
AUTHORIZED DURING THE MONTH ENDED JAN. 31, 1942

Name and Location of Bank—	Date Authorized	Distribution of Funds by Dividend Authorized	Total Percentage Authorized Dividends to Date	Amount Claims Proved
Federal-American National Bank & Trust Co., Washington, D. C.	2-14-42	$830,100	84.9%	$8,367,900
The Bowmanville National Bank of Chicago, Ill.	2-3-42	91,500	47.25%	1,262,000
The Third National Bank of Mount Vernon, Ill.	2-17-42	54,400	85.56%	1,527,200
The National City Bank of Ottawa, Ill.	2-2-42	38,200	67.65%	821,600
The First National Bank of Wilmette, Ill.	2-24-42	12,900	77.0%	613,000
The First National Bank of Birmingham, Mich.	2-13-42	173,300	71.425%	1,941,400
The National Bank of Ionia, Mich.	2-11-42	38,400	96.38%	990,300
Union & Peoples National Bank of Jackson, Mich.	2-14-42	964,000	57.62%	6,155,000
The First National Bank of Masontown, Pa.	2-26-42	109,000	35.7%	1,253,400

All dividends are final.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	*Orders Received Tons*	*Production Tons*	*Unfilled Orders Remaining Tons*	*Percent of Activity*	
				Current	*Cumulative*
1941—Month of—					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
September	642,879	630,524	578,402	94	--
October	839,272	831,991	568,264	99	--
November	640,188	649,021	554,417	98	--
December	743,637	760,775	530,459	93	--
1942—Month of—					
January	673,122	668,230	528,698	102	--
February	640,269	665,689	493,947	101	--
1941—Week Ended—					
Aug. 2	159,844	159,272	572,635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84
Sept. 27	155,473	163,915	578,402	98	85
Oct. 4	176,619	168,256	582,287	100	85
Oct. 11	159,337	164,374	575,627	99	85
Oct. 18	167,440	165,795	574,991	98	86
Oct. 25	165,279	168,146	568,161	100	86
Nov. 1	170,597	165,420	568,264	99	86
Nov. 8	169,585	159,860	576,923	97	86
Nov. 15	156,394	165,397	570,430	99	87
Nov. 22	145,098	160,889	550,383	96	87
Nov. 29	169,111	164,875	554,417	101	87
Dec. 6	181,185	166,080	567,373	102	87
Dec. 13	149,021	163,226	553,389	101	88
Dec. 20	149,874	166,948	535,556	101	88
Dec. 27	116,138	124,258	523,119	76	88
1942—Week Ended—					
Jan. 3	147,419	140,263	530,549	86	88
Jan. 10	162,493	166,095	527,514	101	--
Jan. 17	167,846	165,360	525,088	102	102
Jan. 24	161,713	169,735	514,622	101	102
Jan. 31	181,070	167,040	528,698	101	102
Feb. 7	162,894	168,424	522,320	101	102
Feb. 14	156,745	167,424	510,542	101	102
Feb. 21	157,563	165,240	496,272	102	102
Feb. 28	163,067	164,601	493,947	100	102
Mar. 7	177,823	165,081	505,233	101	101

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

February Pig Iron Production At 96.4%

The March 12 issue of "The Iron Age" reported that coke pig iron production totaled 4,458,273 net tons in February compared with 4,970,531 tons in the previous month. Output on a daily basis last month decreased slightly to 159,188 tons from 160,340 tons a day in January. The operating rate for the industry in February was 96.4% of capacity, compared with 97.7% in January.

There were 220 furnaces in blast on March 1 producing at the rate of 160,360 net tons a day compared with 217 in blast on Feb. 1 with a production rate of 159,270 tons. Among the furnaces blown in during the month were those of the Columbia Steel Co. and the Globe Iron Co.

MERCHANT IRON MADE. DAILY RATE—NET TONS

	1942	1941	1940	1939	1938
January	20,085	20,812	16,475	11,875	11,911
February	22,052	21,254	14,773	10,793	9,916
March	------	23,069	11,760	10,025	9,547
April	------	20,434	13,656	9,529	9,266
May	------	21,235	16,521	7,883	7,203
June	------	21,933	13,662	8,527	6,020
July	------	21,957	16,619	9,404	6,154
August	------	22,578	17,395	11,225	7,403
September	------	21,803	17,571	12,648	12,550
October	------	23,243	18,694	16,409	12,095
November	------	22,690	22,792	16,642	14,793
December	------	23,567	19,779	16,912	10,266

PRODUCTION OF COKE PIG IRON AND FERROMANGANESE—NET TONS

	—Pig Iron x—		—Ferromanganese y—	
	1942	1941	1942	1941
January	4,970,531	4,663,695	36,455	35,337
February	4,458,273	4,197,872	42,832	33,627
March	------	4,704,135	------	55,460
April	------	4,334,267	------	56,871
May	------	4,599,966	------	58,578
June	------	4,553,165	------	53,854
Half-year	------	27,053,100	------	293,727
July	------	4,770,778	------	57,710
August	------	4,791,432	------	52,735
September	------	4,716,901	------	46,932
October	------	4,856,306	------	55,495
November	------	4,702,927	------	47,669
December	------	5,012,276	------	48,188
Year	------	55,903,720	------	539,163

x These totals do not include charcoal pig iron. y Included in pig iron figures.

DAILY AVERAGE PRODUCTION OF COKE PIG IRON

	—1942—		—1941—		1940
	Net Tons	% Capacity	Net Tons	% Capacity	Net Tons
January	160,340	97.7	150,441	95.5	130,061
February	159,188	96.4	149,924	95.2	114,189
March	------	---	151,745	96.9	105,500
April	------	---	144,475	91.8	104,567
May	------	---	148,386	93.8	113,345
June	------	---	151,772	95.9	127,297
Half-year	------	---	149,465	94.5	115,844
July	------	---	153,896	97.1	130,772
August	------	---	154,562	97.5	136,711
September	------	---	157,230	99.2	139,218
October	------	---	156,655	98.2	143,419
November	------	---	156,764	97.7	146,774
December	------	---	161,686	101.2	146,697
Year	------	---	153,161	96.6	128,276

Lumber Movement—Week Ended March 7, 1942

Lumber production during the week ended March 7, 1942, was 3% less than the previous week, shipments were 7% less, new business, 2% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 12% above production; new orders 14% above production. Compared with the corresponding week of 1941, production was 6% less, shipments, 8% greater, and new business 10% less. The industry stood at 138% of the average of production in the corresponding week of 1935-39 and 144% of average 1935-39 shipments in the same week.

Year-to-Date Comparisons

Reported production for the first 9 weeks of 1942 was 4% below corresponding weeks of 1941; shipments were 2% above the shipments, and new orders 6% above the orders of the 1941 period. For the 9 weeks of 1942, new business was 25% above production, and shipments were 14% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 47% on March 7, 1942, compared with 36% a year ago. Unfilled orders were 18% greater than a year ago; gross stocks were 8% less.

Softwoods and Hardwoods

Record for the current week ended March 7, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

Softwoods and Hardwoods

	1942 Week	1941 Week	1942 Previous Wk. (Rev.)
Mills	442	442	467
Production	223,505	236,722	231,032
Shipments	250,511	232,759	269,398
Orders	255,503	282,929	260,607

	Softwoods 1942 Week		Hardwoods 1942 Week	
Mills	364		93	
Production	212,874	—100%	10,631	—100%
Shipments	239,960	113	10,551	99
Orders	243,877	115	11,626	109

$334 Million For Civil Functions Of War Dept.

The House on March 11 passed a $33,950,826 appropriations bill for the War Department's civil functions, including large sums for the Panama Canal and for essential flood control projects. This action came after the House voted against funds for starting the Table Rock Dam in Missouri and after rejecting a $16,700,000 item for initial construction of the Bull Shoals Dam in Arkansas. It is said that the two projects would ultimately cost $87,000,000.

The measure, which now goes to the Senate, included, according to the Associated Press:

$161,437,800 for flood control projects already under way.

$107,516,810 for the Panama Canal, including $56,826,800 toward continuing construction of a third set of locks.

$57,502,500 for improvement and maintenance of rivers and harbors.

$227,840 for the Alaska Communications Commission.

$832,345 for burial expenses.

$1,300,000 for hydroelectric power at the Fort Peck dam.

$4,166,000 for hydroelectric power at the Bonneville dam.

$967,531 for the Soldiers' Home in Washington.

Lend-Lease Aid For Peru

A lend-lease agreement between the United States and Peru was signed at Washington on March 11 by Acting Secretary of State Sumner Welles and the Peruvian Ambassador Freyre y Santander. The amount of arms and armament for the South American republic was not disclosed.

Revenue Freight Car Loadings During Week Ended March 7, 1942 Totaled 770,697 Cars

Loading of revenue freight for the week ended March 7, totaled 770,697 cars, the Association of American Railroads announced on March 12. The increase above the corresponding week in 1941 was 28,080 cars or 3.8%, and above the same week in 1940 was 150,101 cars or 24.2%.

Loading of revenue freight for the week of March 7 decreased 10,722 cars or 1.4% below the preceding week.

Miscellaneous freight loading totaled 357,518 cars, an increase of 2,598 cars above the preceding week, and an increase of 38,880 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 148,519 cars, an increase of 4,977 cars above the preceding week, but a decrease of 10,391 cars below the corresponding week in 1941.

Coal loading amounted to 145,373 cars, a decrease of 17,127 cars below the preceding week, and a decrease of 13,563 cars below the corresponding week in 1941.

Grain and grain products loading totaled 38,356 cars an increase of 1,005 cars above the preceding week, and an increase of 7,243 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of March 7 totaled 24,349 cars, an increase of 668 cars above the preceding week, and an increase of 5,717 cars above the corresponding week in 1941.

Live stock loading amounted to 10,689 cars, an increase of 219 cars above the preceding week, and an increase of 775 cars above the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of March 7 totaled 7,830 cars, an increase of 392 cars above the preceding week, and an increase of 483 cars above the corresponding week in 1941.

Forest products loading totaled 43,137 cars, a decrease of 2,191 cars below the preceding week, but an increase of 4,752 cars above the corresponding week in 1941.

Ore loading amounted to 13,341 cars, an increase of 488 cars above the preceding week, and an increase of 739 cars above the corresponding week in 1941.

Coke loading amounted to 13,764 cars, a decrease of 691 cars below the preceding week, and a decrease of 355 cars below the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941 except the Eastern and Pocahontas. All districts reported increases over 1940.

	1942	1941	1940
Five weeks of January	3,858,273	3,454,409	3,215,565
Four weeks of February	3,122,773	2,866,565	3,465,685
Week of March 7	770,697	742,617	620,596
Total	7,751,743	7,063,591	6,301,846

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Mar. 7, 1942. During this period 85 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED MARCH 7

Railroads	Total Revenue Freight Loaded 1942	1941	1940	Total Loads Received from Connections 1942	1941
Eastern District—					
Ann Arbor	639	517	569	1,512	1,538
Bangor & Aroostook	2,314	2,057	1,948	216	197
Boston & Maine	8,006	8,282	6,939	16,080	12,597
Chicago, Indianapolis & Louisville	1,594	1,320	1,317	2,358	2,439
Central Indiana	23	21	15	59	63
Central Vermont	1,397	1,298	1,259	2,501	2,432
Delaware & Hudson	6,745	6,456	4,841	12,571	9,736
Delaware, Lackawanna & Western	8,804	9,756	9,020	9,609	8,291
Detroit & Mackinac	283	182	238	171	102
Detroit, Toledo & Ironton	2,063	3,120	2,481	1,548	2,007
Detroit & Toledo Shore Line	365	416	292	3,377	4,264
Erie	13,518	14,219	11,162	16,191	14,921
Grand Trunk Western	4,509	6,188	4,627	8,873	9,736
Lehigh & Hudson River	202	194	167	3,858	2,344
Lehigh & New England	1,983	1,699	1,633	1,640	1,433
Lehigh Valley	8,684	9,212	8,137	10,010	8,634
Maine Central	3,167	3,482	2,466	4,132	3,261
Monongahela	5,975	6,093	4,331	449	276
Montour	2,060	2,206	1,478	41	41
New York Central Lines	44,109	46,829	37,116	52,121	47,028
N. Y., N. H. & Hartford	11,964	10,917	9,184	19,179	14,338
New York, Ontario & Western	1,176	1,116	1,013	2,708	2,056
New York, Chicago & St. Louis	6,970	5,643	5,026	14,664	13,148
N. Y., Susquehanna & Western	551	440	408	1,669	1,900
Pittsburgh & Lake Erie	7,827	7,993	5,636	6,949	7,045
Pere Marquette	5,173	6,332	5,804	6,489	6,812
Pittsburgh & Shawmut	534	616	483	42	30
Pittsburgh, Shawmut & North	416	412	386	296	308
Pittsburgh & West Virginia	*808	780	868	*2,017	2,031
Rutland	507	595	569	1,185	1,157
Wabash	5,763	5,979	4,948	11,491	11,046
Wheeling & Lake Erie	4,732	4,383	3,429	3,937	3,972
Total	162,861	168,753	137,790	217,943	195,183
Allegheny District—					
Akron, Canton & Youngstown	725	586	422	1,032	1,053
Baltimore & Ohio	38,216	37,307	28,064	24,909	19,809
Bessemer & Lake Erie	3,359	3,604	2,564	1,469	1,750
Buffalo Creek & Gauley	*311	277	267	*5	5
Cambria & Indiana	1,854	1,765	1,400	8	10
Central R. R. of New Jersey	7,840	7,263	6,325	18,263	14,040
Cornwall	603	587	642	62	64
Cumberland & Pennsylvania	293	321	274	31	33
Ligonier Valley	109	170	132	40	31
Long Island	928	731	480	3,755	2,864
Penn-Reading Seashore Lines	1,840	1,337	1,004	2,162	1,741
Pennsylvania System	77,038	73,714	54,961	57,526	49,546
Reading Co.	15,685	16,390	13,747	27,158	21,879
Union (Pittsburgh)	19,643	19,993	14,242	3,864	3,874
Western Maryland	3,831	3,973	3,387	10,789	8,235
Total	172,275	167,998	127,911	151,073	124,934
Pocahontas District—					
Chesapeake & Ohio	21,161	25,236	21,689	10,052	10,226
Norfolk & Western	19,254	22,478	17,946	6,019	6,440
Virginian	3,545	4,632	4,073	2,217	1,798
Total	43,960	52,346	43,708	18,288	18,464
Southern District—					
Alabama, Tennessee & Northern	273	268	257	423	149
Atl. & W. P.—W. R. R. of Ala.	896	841	774	2,101	1,819
Atlanta, Birmingham & Coast	679	708	547	1,168	1,176
Atlantic Coast Line	13,012	11,383	9,714	9,200	6,686
Central of Georgia	4,271	4,474	3,975	3,830	3,695
Charleston & Western Carolina	368	438	402	1,537	1,791
Clinchfield	1,176	1,625	1,341	2,501	3,042
Columbus & Greenville	241	302	343	252	329
Durham & Southern	170	171	147	414	684
Florida East Coast	2,291	1,141	1,105	1,205	1,001
Gainsville Midland	31	34	30	134	114
Georgia	1,217	1,078	960	2,667	1,999
Georgia & Florida	381	331	297	571	574
Gulf, Mobile & Ohio	3,880	3,771	3,328	3,472	3,198
Illinois Central System	27,997	22,508	20,601	14,640	13,398
Louisville & Nashville	23,903	24,423	19,430	9,071	7,232
Macon, Dubin & Savannah	186	146	139	696	596
Mississippi Central	165	171	131	412	403
Nashville, Chattanooga & St. L.	3,366	3,045	2,816	3,652	3,389
Norfolk Southern	1,116	1,088	1,070	1,281	1,148
Piedmont Northern	495	480	383	1,241	1,590
Richmond, Fred. & Potomac	444	359	296	9,657	5,706
Seaboard Air Line	9,858	10,283	9,895	7,220	6,540
Southern System	23,097	24,178	20,733	21,239	18,532
Tennessee Central	586	513	402	853	796
Winston-Salem Southbound	124	144	153	958	950
Total	120,223	113,903	99,269	100,455	86,537
Northwestern District—					
Chicago & North Western	17,798	15,812	14,109	14,333	11,779
Chicago Great Western	2,835	2,443	2,265	3,448	3,265
Chicago, Milw., St. P. & Pac.	21,579	20,757	17,544	10,037	9,132
*Chicago ,St. Paul, Minn. & Omaha	4,120	3,662	3,252	4,232	3,703
Duluth, Missabe & Iron Range	1,229	788	594	462	218
Duluth, South Shore & Atlantic	791	674	523	644	440
Elgin, Joliet & Eastern	10,081	9,764	6,457	10,521	8,930
Ft. Dodge, Des Moines & South	539	423	359	152	123
Great Northern	12,140	10,231	9,908	4,509	3,471
Green Bay & Western	584	537	447	968	685
Lake Superior & Ishpeming	315	241	201	73	62
Minneapolis & St. Louis	2,324	1,613	1,654	2,337	2,128
Minn., St. Paul & S. S. M.	5,815	5,043	4,611	3,773	2,824
Northern Pacific	10,400	9,448	9,207	4,998	3,987
Spokane International	81	97	107	309	278
Spokane, Portland & Seattle	2,749	2,328	1,567	2,723	1,855
Total	93,380	83,861	72,803	63,119	52,880
Central Western District—					
Atch., Top. & Santa Fe System	20,929	17,826	17,256	8,769	7,234
Alton	3,426	3,349	2,530	3,436	2,644
Bingham & Garfield	588	458	511	106	158
Chicago, Burlington & Quincy	16,288	16,225	13,728	10,755	9,514
Chicago & Illinois Midland	2,807	2,765	2,120	711	798
Chicago, Rock Island & Pacific	11,667	10,597	9,918	11,680	10,277
Chicago & Eastern Illinois	2,882	2,961	2,487	3,162	3,293
Colorado & Southern	892	726	715	1,577	1,573
Denver & Rio Grande Western	3,161	2,486	2,080	4,381	3,142
Denver & Salt Lake	642	491	287	12	10
Fort Worth & Denver City	889	969	928	988	1,096
Illinois Terminal	2,063	1,747	1,758	1,601	1,577
Missouri-Illinois	1,230	739	750	576	534
Nevada Northern	2,002	1,955	1,584	130	159
North Western Pacific	971	642	458	509	415
Peoria & Pekin Union	20	6	9	0	0
Southern Pacific (Pacific)	27,926	23,529	20,790	9,158	6,168
Toledo, Peoria & Western	267	337	260	1,115	1,440
Union Pacific System	15,504	14,422	13,317	11,527	9,101
Utah	552	337	330	6	3
Western Pacific	1,748	1,393	1,394	3,151	2,195
Total	116,454	103,960	93,210	73,350	61,331
Southwestern District—					
Burlington-Rock Island	485	151	152	255	153
Gulf Coast Lines	5,273	3,773	3,243	2,571	1,695
International-Great Northern	2,319	1,824	1,746	2,954	2,434
Kansas, Oklahoma & Gulf	308	183	218	926	1,067
Kansas City Southern	3,701	2,369	1,999	2,811	2,349
Louisiana & Arkansas	2,713	1,998	1,557	1,944	1,725
Litchfield & Madison	291	349	365	999	1,046
Midland Valley	478	648	508	234	209
Missouri & Arkansas	186	136	177	432	357
Missouri-Kansas-Texas Lines	4,955	4,135	3,726	3,970	3,141
Missouri Pacific	15,919	15,020	12,506	14,769	10,921
Quanah Acme & Pacific	88	75	79	199	144
St. Louis-San Francisco	8,754	7,919	6,523	7,621	5,510
St. Louis Southwestern	3,085	2,453	2,335	5,878	3,358
Texas & New Orleans	8,994	6,978	6,735	4,554	3,829
Texas & Pacific	3,874	3,633	3,880	6,395	4,528
Wichita Falls & Southern	101	138	130	38	61
Weatherford M. W. & N. W.	20	14	26	38	112
Total	61,544	51,796	45,905	56,588	42,639

*Previous figures.

Note—Previous year's figures revised.

Latest Summary Of Copper Statistics

The Copper Institute on Feb. 13 released the following statistics pertaining to production, deliveries and stocks of duty-free copper:

SUMMARY OF COPPER STATISTICS REPORTED BY MEMBERS OF THE COPPER INSTITUTE

(In Tons of 2,000 Pounds)

U. S. Duty Free Copper	Production *Crude	Production Refined	Deliveries to Customers §Domestic	Deliveries to Customers Export	†Refined Stocks End of Period	Stock Increases (+) or Decreases (—) Blister	Stock Increases (+) or Decreases (—) Refined
Year 1935	------	------	------	------	231,415	------	------
Year 1936	731,629	748,660	764,560	54,447	101,068	—17,031	—70,347
Year 1937	982,045	964,176	803,095	62,798	259,351	+17,869	+98,283
Year 1938	644,869	638,076	481,803	125,869	289,755	+6,793	+30,404
Year 1939	836,074	818,289	814,407	134,152	159,485	+17,785	—130,270
Year 1940	992,293	1,033,710	1,001,886	48,537	142,772	—41,417	—16,713
Year 1941	1,016,996	1,065,667	1,545,541	307	75,564	—48,671	—67,208
Jan., 1941	83,280	93,840	119,736	22	116,854	—10,560	—25,918
Feb., 1941	79,240	93,654	112,808	11	97,689	—14,414	—19,165
Mar., 1941	85,701	95,322	134,333	6	89,873	—9,621	—7,816
Apr., 1941	88,042	89,687	123,580	49	98,789	—1,645	+8,916
May, 1941	90,342	89,390	148,301	--	93,070	+952	—5,713
June, 1941	82,558	88,560	121,331	42	98,164	—6,002	+5,088
July, 1941	82,099	86,879	150,078	33	74,384	—4,780	—23,780
Aug., 1941	84,695	85,426	119,937	--	71,930	—731	—2,454
Sept., 1941	81,839	81,553	125,585	--	63,670	+286	—8,260
Oct., 1941	86,019	86,617	126,622	144	67,260	—593	+3,590
Nov., 1941	84,718	84,799	124,645	--	72,352	—81	+5,092
Dec., 1941	88,463	89,940	138,585	--	75,564	—1,477	+3,212
Jan., 1942	‡88,205	90,017	130,467	--	81,371	—‡1,812	+5,807
Feb., 1942	80,303	81,724	107,616	--	77,329	—1,421	—4,042

*Mine or smelter production or shipments, and custom intake including scrap.

†At refineries, on consignment and in exchange warehouses, but not including consumers' stocks at their plants or warehouses.

§Beginning March, 1941, includes deliveries of duty paid foreign copper for domestic consumption.

‡Corrected.

FHA-Insured Mortgage Activity In 1941 At Peak

The Federal Housing Administration announced on March 15 that lending institutions operating under the FHA program originated 210,004 small home mortgages amounting to $940,892,100 under Section 203 (Title II) of the National Housing Act in 1941. This record-breaking volume of private funds mobilized for home financing under the FHA program, says the announcement, represented an increase of 6.8% over the previous record year of 1940. Gains were recorded by each main type of private lending institutions approved by the FHA for mortgage insurance under Title II, with only the "all others" category showing a decrease.

The number of institutions in each category originating FHA-insured mortgages last year, together with the volume of originations in 1941 and 1940, follow:

Number	Type	1941	1940
1,365	National banks	$222,234,700	$214,934,281
1,513	State banks and trust companies	191,102,250	180,885,700
241	Mortgage companies	224,281,360	209,022,050
216	Insurance companies	123,810,650	110,468,050
782	Savings and loan associations	83,360,850	76,375,700
124	Savings banks	45,953,800	34,762,000
40	All others	50,148,500	54,017,098
4,281	Total	$940,892,100	$880,464,879

These figures, says the Housing Administration, cover only mortgages to finance the construction or purchase of small homes, accepted for insurance under Section 203 of Title II. They exclude loans insured under Title I and mortgages accepted under Title VI or Section 207 of Title II.

The FHA's announcement further said:

> Participation of lending institutions in home mortgage financing continued to broaden during last year. By the end of the year, a total of 8,761 institutions were holding FHA-insured home mortgages in their investment portfolios. This compares with 8,329 in 1940 and 7,846 in 1939.
>
> These institutions held in their portfolios as of Dec. 31, 1941, FHA-insured mortgages totaling $3,106,816,919. This represents a gain of $697,619,484 or 28.9% over the mortgages held at the end of 1940. These figures exclude mortgages paid in full on which FHA insurance was terminated and mortgages in process of audit for recordation in Washington at the close of the year.

The number of institutions of the various types holding mortgages insured under Section 203 as of Dec. 31, 1941, with their amounts and ratios, follow:

Number		Amount	Percent
2,774	National banks	$842,701,620	27.1
3,434	State banks and trust companies	602,403,119	19.4
260	Mortgage companies	51,919,926	1.7
356	Insurance companies	789,446,214	25.4
1,609	Savings and loan associations	254,329,674	8.2
219	Savings banks	205,566,800	6.6
109	All others	360,449,566	11.6
8,761		$3,106,816,919	

Retail Food Prices Continued To Advance Between Mid-January And Mid-February

The average family's food bill rose 0.5% between mid-January and mid-February, Acting Commissioner Hinrichs of the United States Bureau of Labor Statistics reported on March 13. There were further large increases in prices of pork, lard, potatoes, and sugar. Prices of canned fruits and vegetables and bananas also rose sharply following earlier seasonal increases in wholesale markets, while eggs and oranges continued to decline seasonally and prices of some fresh vegetables were lower as new supplies came on to the market. It is added that increases were general throughout the country with 45 of the 51 cities covered in the Bureau's regular monthly survey reporting higher food prices. On Feb. 17, the Bureau's index of retail food costs at 116.8% of the 1935-39 average, was 19% higher than in February of last year and 25% above pre-war levels.

The Bureau's announcement goes on to report:

> During the last half of February, preliminary reports indicated further substantial advances for fresh pork, canned tomatoes, pink salmon chickens and lard. Prices of oranges also rose sharply reversing the trend of previous weeks. Eggs continued to decline seasonally, and cabbage prices dropped as large supplies came on the market.
>
> The advance of 3.5% in retail prices of pork followed an earlier rise in wholesale markets resulting from a 40% reduction in hog marketings, while beef prices moved downward slightly. Prices of fresh fish advanced 10% as supplies were reduced by the abandonment of fishing in certain areas due to the war and the smaller number of vessels available for fishing in other areas.
>
> The cost of sugar to the ordinary household jumped 8% due largely to the fact that the majority of families, who formerly purchased sugar in fairly large quantities at a saving, are now almost universally restricted to the more expensive 2-pound package, and the average cost per pound has gone up.
>
> In retail markets, as in wholesale markets, there were substantial advances in prices of canned fruits and vegetables preceding the price ceiling allowed on March 2 by the Office of Price Administration. This applied to certain canned foods in the hands of canners and wholesalers and indirectly to retailers. During the month ended Feb. 17 prior to the ceiling order, retail prices of canned pineapple and tomatoes rose 9%, green beans, 5%, and several other canned foods advanced approximately 3%. Prices of potatoes continued to advance in February in nearly all cities reflecting the short 1941 crop. Large quantities of oranges on the market caused the average price to drop 10%, to a level slightly lower than a year ago. Shipping difficulties during the past few months resulted in a 12% increase in the price of bananas.
>
> Retail prices of bread advanced moderately in 10 cities and declined in one. Flour and other cereals and bakery products continued to rise with a particularly sharp advance for rice, as the supply of good quality rice was further reduced.
>
> Prices of milk delivered to homes increased ½ to 1 cent per quart in four cities. Fresh milk sold over the counter remained unchanged in all cities except in New York, where the price was reduced by 1 cent per quart. Butter rose seasonally, although there are still unusually large stocks on hand. The price reduction in wholesale markets between mid-January and mid-February has not yet appeared at retail. Cheese prices also advanced.
>
> The rate of increase in retail prices of coffee has been slowed during the past two months subsequent to the ceiling set by the Office of Price Administration on green coffee. Prices of tea, however, have continued to advance sharply, as the war in the South Pacific affected sources of supply to an increasing extent.
>
> Prices of lard and other fats and oils rose to high levels in retail stores following heavy purchases of lard by the Federal Government and increased consumer demand for products used as substitutes for lard and butter.
>
> Since February, 1941, food costs for families with moderate incomes have risen 19%, the greatest increases being reported for fats and oils, eggs, sugar and fresh and canned fish. This year some fresh vegetables are selling at levels considerably higher than a year ago because of shortage of supply due to bad weather during the growing season, while for other foods, the diversion of large quantities out of regular retail trade channels and into lease-lend or army supplies has been the important factor in the increase in the past year.

Changes at retail from Jan. 13, 1942 to Feb. 17, 1942, and since February, 1941, for some of the more important foods were as follows:

Item—	February, 1942, compared with January, 1942 (Percentage change)	February, 1941
Canned tomatoes	+ 8.8	+32.1
Potatoes	+ 5.1	+64.7
Pork chops	+ 5.1	+24.7
Roasting chickens	+ 2.9	+10.3
Flour	+ 2.0	+25.2
Cheese	+ .9	+30.0
Coffee	+ .7	+31.2
Butter	+ .2	+13.6
Milk, fresh (average)	0	+15.1
White bread	0	+11.5
Evaporated milk	0	+23.9
Rib roast	— .3	+ 5.8
Round steak	— .5	+ 9.6
Eggs	— 9.1	+40.0
Oranges	—10.0	— 4.4

Retail food costs advanced in 45 cities and declined in six, between Jan. 13 and Feb. 17. The largest increases were reported for Portland, Me. (2.8%), Butte (2.7%), and New Orleans (2.6%). The higher costs in these three cities were due to greater than average advances for dairy products and higher prices for fresh fruits and vegetables. Large advances in retail prices of meats in Portland, Me., and New Orleans, and for sugar in Butte, also contributed to the higher costs. Declines were reported amounting to 0.8% for Chicago and 0.5% for San Francisco, Denver, and Pittsburgh, due largely to greater than average declines for fresh fruits and vegetables. Compared with a year ago, food costs on Feb. 17 were higher by 27.6% in Mobile, 26.0% in Springfield, Ill., and 25.0% in Portland, Ore. The smallest advances in food costs during the year were 11.7% in Fall River, 14.8% in Minneapolis, 15.2% in St. Paul, and 15.3% in New York.

Index numbers of food costs by commodity groups for the current period and for Jan. 13, 1942, Dec. 16, 1941, Feb. 18, 1941, and Aug. 15, 1939, are shown below:

INDEX NUMBERS OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS
(Five-Year Average 1935-39 = 100)

Commodity Group—	*Feb. 17, 1942	Jan. 13, 1942	Dec. 16, 1941	Feb. 18, 1941	Aug. 15, 1939
All Foods	116.8	116.2	113.1	97.9	93.5
Cereals and bakery products	104.3	103.2	102.5	95.0	93.4
Meats	118.5	116.4	111.1	102.5	95.7
Beef and veal	119.9	120.4	114.4	109.9	99.6
Pork	110.9	107.2	103.2	89.1	88.0
Lamb	109.2	111.8	108.1	99.2	98.8
Chickens	110.7	107.3	100.5	99.6	94.6
Fish, fresh and canned	157.7	†145.1	138.9	117.7	99.6
Dairy products	121.6	†121.5	120.5	104.4	93.1
Eggs	119.0	130.9	138.1	85.0	90.7
Fruits and vegetables	117.7	117.2	110.5	95.6	92.4
Fresh	118.0	†119.0	111.0	96.3	92.8
Canned	114.6	108.6	106.3	91.8	91.6
Dried	125.4	†121.8	118.3	99.5	90.3
Beverages	117.2	†115.5	114.1	91.5	94.9
Fats and oils	114.0	110.6	108.5	81.1	84.5
Sugar	127.7	118.5	114.4	96.0	95.6

*Preliminary. †Revised.

Mortgage Financing Activity Lower

The $321,400,000 in mortgages of $20,000 or less recorded during January represents a reduction of 18% from the previous month, according to the March 3 "Mortgage Recording Letter" issued by the Federal Home Loan Bank Administration, which states:

> Although this drop was greater than those shown during the first month of 1939 and 1940, this series has shown a rather strong resistance to those negative housing-market factors which have been brought into play in the latter half of 1941 and as the new year opened. As a result the January dollar volume was still 5% higher than a year previous, and 22% above January, 1940.

The "Letter" continues:

> Among the various classes of lenders, mutual savings banks revealed the greatest declines in mortgage financing during the December-to-January interval, having dropped 30% during the month. Next in magnitude of decrease were commercial banks which were down 22% and savings and loan associations which experienced a 20% contraction in amount of mortgages recorded throughout the country. All other classes registered reductions from December, but individuals serving as mortgagees constituted the only group to recede less than 10% during January.
>
> In comparing January recordings for 1942 with 1941, each class of lender, with the exception of commercial banks, revealed higher volumes ranging from 12% for insurance companies and miscellaneous mortgagees down to less than 1% for savings and loan associations.

Type of Lender	January, '42 Vol. (000)	% of Total	% Chg. from Dec.	January, '41 Vol. (000)	% of Tot.	% Chg. Jan.,'41 Jan.,'42	January, '40 Vol. (000)	% of Tot.	% Chg. Jan., 1940- Jan., 1942
Savings & Loan Assns.	$90,572	28.2	—20	$89,996	29.3	+ 1	$74,711	28.4	+21
Insurance companies	31,062	9.7	—17	27,691	9.0	+12	21,989	8.4	+41
Banks & trust companies	77,631	24.1	—22	78,977	25.7	— 2	66,342	25.3	+17
Mutual savings banks	13,523	4.2	—30	12,931	4.2	+ 5	10,520	4.0	+29
Individuals	59,033	18.4	— 9	53,891	17.5	+10	48,026	18.3	+23
Others	49,575	15.4	—16	44,154	14.3	+12	41,095	15.6	+21
Total	$321,396	100.0	—18	$307,640	100.0	+ 5	$262,683	100.0	+22

Asks Auto Speed Cut To Conserve Tires

In an effort to conserve rubber, President Roosevelt has suggested to the Governors of the various States that the speed limit for automobiles be fixed at 40 miles an hour and that regulations be established requiring regular inspection of tires. The White House announced on March 14 that the President had sent identical letters to the Governors asking their cooperation to achieve these objectives throughout the country.

The President's letter was as follows:

> My dear Governor:
>
> As you know, we are doing everything possible to conserve rubber. The situation in the Far East makes this very necessary for the successful prosecution of the war effort.
>
> It has been said that a large part of our rubber stock pile is on the wheels of the more than 30,000,000 motor vehicles of the country. If this stock pile is conserved by the individual motorists, as we are endeavoring to conserve the national stock pile, tires will last much longer, cars will run much farther, and civilian life will be less disturbed because of lack of sufficient transportation facilities.
>
> Rubber experts agree that fast driving wastes rubber and that tires run many more miles when driven at limited rates of speed.
>
> May I suggest that this waste could be curtailed to the advantage of the individual motorist, and likewise to the advantage of the country, if the speed of all motor vehicles were limited to a maximum of 40 miles per hour and if regulations were promulgated requiring frequent checking of tires in order to insure their repair or, where possible, retreading at the proper time.
>
> I would greatly appreciate your cooperation in an effort to achieve these objectives throughout the country.
>
> The tire rationing program, so recently established by the Office of Price Administration, has been a marked success and has met with ready acceptance throughout the United States, largely because of the enthusiastic cooperation and participation on the part of the Governors and their State defense councils.
>
> Reduction of speed limits and regular inspection of tires constitute another important means of Federal-State cooperation in the war effort.

More Dominican Sugar

Sugar production in the Dominican Republic during the current 1941-42 crop season is preliminarily estimated at 475,000 long tons, raw value, as compared with 394,000 tons in the previous season, an increase of 81,000 tons, or approximately 19.3%, according to Lamborn & Co., New York. The firm further reports:

> Production during the first five months of the current season, September, 1941, to January, 1942, inclusive, totaled 71,448 long tons as against 51,430 tons during the similar period of the previous season. Exports for the five-month period amounted to 78.397 tons as compared with 52,156 tons for the corresponding five months last year.
>
> Sugar stocks on hand in the Dominican Republic on Feb. 1, 1942, aggregated 77,374 tons, while on the same date in 1941 the stock was 58,612 tons.
>
> Late in November, 1941, the British Minister of Foods arranged for the purchase of practically the entire 1942 Dominican sugar crop.

Bankers Dollar Acceptances Outstanding On February 28 Total $190,010,000

The volume of bankers dollar acceptances outstanding decreased $7,268,000 during February to $190,010,000 on Feb. 28, according to the monthly report of the Acceptance Analysis Unit of the Federal Reserve Bank of New York, issued March 13. This compares with a total of $197,278,000 outstanding on Jan. 31 and with $211,865,000 on Feb. 28, 1941.

The decline in the month-to-month analysis is attributed to losses in import credits, domestic warehouse credits and dollar exchange, while in the year-to-year comparison only credits for exports and domestic shipments were higher.

The Reserve Bank's report for Feb. 28 follows:

BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—UNITED STATES BY FEDERAL RESERVE DISTRICTS

Federal Reserve District—	Feb. 28, 1942	Jan. 31, 1942	Feb. 28, 1941
1 Boston	$31,687,000	$30,392,000	$26,511,000
2 New York	118,528,000	117,552,000	143,243,000
3 Philadelphia	9,419,000	9,917,000	11,553,000
4 Cleveland	4,233,000	4,305,000	2,896,000
5 Richmond	1,655,000	1,486,000	1,426,000
6 Atlanta	3,356,000	3,247,000	2,403,000
7 Chicago	5,264,000	5,786,000	4,255,000
8 St. Louis	750,000	794,000	442,000
9 Minneapolis	133,000	114,000	757,000
10 Kansas City	-------	-------	-------
11 Dallas	3,587,000	2,833,000	238,000
12 San Francisco	11,398,000	20,852,000	18,141,000
Grand Total	$190,010,000	$197,278,000	$211,865,000

Decrease for month, $7,268,000. Decrease for year, $21,855,000.

ACCORDING TO NATURE OF CREDIT

	Feb. 28, 1942	Jan. 31, 1942	Feb. 28, 1941
Imports	$112,448,000	$115,889,000	$118,567,000
Exports	18,453,000	16,662,000	18,383,000
Domestic shipments	13,744,000	11,676,000	10,740,000
Domestic warehouse credits	30,496,000	39,028,000	31,408,000
Dollar exchange	2,323,000	2,810,000	6,835,000
Based on goods stored in or shipped between foreign countries	12,546,000	11,213,000	25,932,000

BILLS HELD BY ACCEPTING BANKS

Own bills $91,719,000 Bills of others $52,763,000 Total $144,482,000

Decrease for month, $9,923,000

CURRENT MARKET RATES ON PRIME BANKERS' ACCEPTANCES, MAR. 13, 1942

Days	Dealers' Buying Rates	Dealers' Selling Rates
30	1/2	7/16
60	1/2	7/16
90	1/2	7/16
120	9/16	1/2
150	5/8	9/16
180	5/8	9/16

The following table, compiled by us, furnishes a record of the volume of bankers' acceptances outstanding at the close of each month since March 31, 1939:

1939—		1940—		1941—	
Mar. 31	$245,016,075	Mar. 30	$229,705,000	Mar. 31	$217,312,000
Apr. 29	237,831,575	Apr. 30	223,305,000	Apr. 30	219,561,000
May 31	246,574,727	May 31	213,685,000	May 31	215,005,000
June 30	244,530,440	June 29	206,149,000	June 30	212,932,000
July 31	236,010,050	July 31	188,350,000	July 31	209,899,000
Aug. 31	235,034,177	Aug. 31	181,813,000	Aug. 30	197,472,000
Sept. 30	215,881,724	Sept. 30	176,614,000	Sept. 30	176,801,000
Oct. 31	221,115,945	Oct 31	186,789,000	Oct. 31	184,806,000
Nov. 30	222,599,000	Nov. 30	196,683,000	Nov. 29	193,590,000
Dec. 30	232,644,000	Dec. 31	208,659,000	Dec. 31	194,220,000
1940—		1941—		1942—	
Jan. 31	229,230,000	Jan. 31	212,777,000	Jan. 31	197,278,000
Feb. 29	233,015,000	Feb. 28	211,865,000	Feb. 28	190,010,000

Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on March 13 that reports received by the bank from commercial paper dealers show a total of $388,400,000 of open market paper outstanding on Feb. 28. This amount compares with $380,600,000 of commercial paper outstanding on Jan. 31 and with $240,700,000 on Feb. 28, 1941.

In the following table we give a compilation of the monthly figures for two years:

1942—	$	1941—	$
Feb. 28	388,400,000	Feb. 28	240,700,000
Jan. 31	380,600,000	Jan. 31	232,400,000
1941—		1940—	
Dec. 31	374,500,000	Dec. 31	217,900,000
Nov. 29	387,100,000	Nov. 30	231,800,000
Oct. 31	377,700,000	Oct. 31	252,400,000
Sept. 30	370,500,000	Sept. 30	250,700,000
Aug 30	353,900,000	Aug. 31	244,700,000
July 31	329,900,000	July 31	232,400,000
June 30	299,000,000	June 29	224,100,000
May 31	295,000,000	May 31	234,200,000
Apr. 30	274,600,000	Apr. 30	238,600,000
Mar. 31	263,300,000	Mar. 30	233,100,000

Bank Debits Up 15% From Last Year

Bank debits as reported by banks in leading centers for the week ended March 11 aggregated $10,277,000,000. Total debits during the 13 weeks ended March 11 amounted to $145,756,000,000, or 16% above the total reported for the corresponding period a year ago. At banks in New York City there was an increase of 8% compared with the corresponding period a year ago, and at the other reporting centers there was an increase of 22%.

SUMMARY BY FEDERAL RESERVE DISTRICTS

[In millions of dollars]

Federal Reserve District—	Week Ended Mar 11, 1942	Week Ended Mar. 12 1941	13 Weeks Ended Mar. 11, 1942	13 Weeks Ended Mar. 12, 1941
Boston	601	501	8,539	7,107
New York	4,152	3,844	56,797	52,152
Philadelphia	570	452	8,025	6,666
Cleveland	714	594	10,791	9,025
Richmond	441	341	5,923	4,848
Atlanta	359	305	5,070	4,076
Chicago	1,460	1,285	21,984	18,371
St. Louis	332	262	4,769	3,776
Minneapolis	187	150	2,688	2,077
Kansas City	313	249	4,693	3,708
Dallas	273	222	4,054	3,175
San Francisco	875	710	12,422	10,133
Total, 274 reporting centers	10,277	8,914	145,756	125,113
New York City*	3,790	3,457	51,619	47,664
140 other centers*	5,547	4,706	81,180	67,075
133 other reporting centers	940	751	12,957	10,373

*Included in the national series covering 141 centers, available beginning with 1919.

Cost Of Living Up 0.7% From Jan. to Feb. According to Industrial Conference Board

The cost of living of wage earners and lower-salaried clerical workers in the United States rose 0.7% from January to February, according to the Division of Industrial Economics of The Conference Board. Clothing showed the largest increase for the month, 2.5%. The cost of gas and electricity remained unchanged. All the other items of the budget recorded advances of less than 1% as follows: food, 0.6%, sundries 0.4%, housing 0.3% and coal 0.1%. Under date of March 17, the Board further said:

> The Board's index of the cost of living (1923=100) was 95.2 in February, as compared with 94.5 in January, 93.2 in December, 92.9 in November, 92.0 in October, 90.8 in September and 86.1 in February, 1941.
>
> Living costs were 10.6% higher than in February, 1941. Food prices advanced the most over the year period, 21.6%, and clothing second, 15.6%. Other rises during the twelve months were in sundries 4.8%, fuel and light, 4.6%, and housing 3.1%.
>
> The purchasing value of the 1923 dollar declined to 105.0 cents in February. In January it was 105.8 cents, and a year ago it was 116.1 cents.

The following table shows The Conference Board index of the cost of living by main components, from January to February, with percentage changes:

Item—	Relative Importance in Family Budget	Indexes of the Cost of Living 1923=100 Feb. 1942	Indexes of the Cost of Living 1923=100 Jan. 1942	Pct. of Inc. (+) or Dec. (—) from Jan., 1942 to Feb., 1942
*Food	33	95.8	95.2	+0.6
Housing	20	90.4	90.1	+0.3
Clothing	12	84.5	82.4	+2.5
Men's		93.6	91.4	+2.4
Women's		75.3	73.4	+2.6
Fuel and light	5	90.4	90.3r	+0.1
Coal		92.7	92.6	+0.1
†Gas and electricity		85.7	85.7r	0
Sundries	30	102.9	102.5	+0.4
Weighted average of all items	100	95.2	94.5	+0.7
Purchasing value of dollar		105.0	105.8	—0.8

*Based on The Conference Board index of food prices for Feb. 13, 1942 and Jan. 15, 1942. †Based upon retail prices of 35 kwh. of electricity, 1,000 cubic feet of natural gas, or 2,000 cubic feet of manufactured gas. r Revised.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

1942— Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings * Aaa	Aa	A	Baa	Corporate by Groups * R. R.	P. U.	Indus
Mar. 17	117.65	106.21	115.63	112.93	107.09	91.34	96.85	109.60	112.93
16	117.52	106.21	115.43	112.93	107.27	91.34	96.85	109.60	112.93
14	117.43	106.21	115.63	112.93	107.09	91.34	96.85	109.60	112.75
13	117.33	106.21	115.43	112.93	107.27	91.34	96.85	109.60	112.75
12	117.32	106.21	115.63	112.93	107.27	91.48	96.85	109.79	112.93
11	117.45	106.21	115.63	113.12	107.27	91.48	96.85	109.97	113.12
10	117.46	106.21	115.43	112.93	107.27	91.48	96.85	109.79	112.93
9	117.45	106.39	115.63	113.12	107.44	91.48	96.85	109.79	113.12
7	117.38	106.39	115.63	113.12	107.44	91.48	96.85	109.79	113.31
6	117.32	106.21	115.63	112.93	107.27	91.62	96.85	109.79	113.31
5	117.17	106.39	115.82	113.12	107.44	91.62	96.85	109.97	113.31
4	117.07	106.39	115.63	113.12	107.62	91.62	97.00	109.97	113.31
3	116.77	106.39	115.63	113.31	107.44	91.62	97.00	109.97	113.31
2	116.78	106.56	115.82	113.31	107.62	91.62	96.85	110.15	113.31
Feb. 27	116.34	106.39	115.63	113.31	107.62	91.62	96.85	110.15	113.31
20	116.32	106.56	115.82	113.31	107.80	91.62	96.85	110.34	113.50
13	116.27	106.74	116.41	113.50	107.80	91.77	97.16	110.70	113.50
6	117.02	106.74	116.41	113.50	107.80	91.91	97.16	110.70	113.70
Jan. 30	117.08	106.92	116.22	113.70	107.80	92.06	97.31	110.52	113.70
23	117.51	106.92	116.22	114.08	107.62	91.91	97.31	110.70	113.70
16	117.60	106.92	116.41	113.89	107.62	91.91	97.31	110.52	113.70
9	118.00	106.92	116.61	114.08	107.62	91.77	97.16	110.70	113.89
2	117.61	106.04	115.82	113.50	107.09	90.63	95.92	110.34	113.31
High 1942	118.10	106.92	116.61	114.08	107.98	92.06	97.47	110.88	113.89
Low 1942	115.90	106.04	115.43	112.93	107.09	90.63	95.92	109.60	112.75
High 1941	120.05	108.52	118.60	116.02	109.60	92.50	97.78	112.56	116.41
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
1 Year ago Mar. 17, 1941	117.99	106.39	117.60	113.50	106.56	90.63	96.54	110.34	113.50
2 Years ago Mar. 16, 1940	116.72	102.63	116.22	112.37	101.47	84.68	90.48	107.98	111.25

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

1942— Daily Average	Avge. Corporate	Corporate by Ratings Aaa	Aa	A	Baa	Corporate by Groups R. R.	P. U.	Indus
Mar. 17	3.38	2.87	3.01	3.33	4.32	3.95	3.19	3.01
16	3.38	2.88	3.01	3.32	4.32	3.95	3.19	3.01
14	3.38	2.87	3.01	3.33	4.32	3.95	3.19	3.02
13	3.38	2.88	3.01	3.32	4.32	3.95	3.19	3.02
12	3.38	2.87	3.01	3.32	4.31	3.95	3.18	3.01
11	3.38	2.87	3.00	3.32	4.31	3.95	3.17	3.00
10	3.38	2.88	3.01	3.32	4.31	3.95	3.18	3.01
9	3.37	2.87	3.00	3.31	4.31	3.95	3.18	3.00
7	3.37	2.87	3.00	3.31	4.31	3.95	3.18	2.99
6	3.38	2.87	3.01	3.32	4.30	3.95	3.18	2.99
5	3.37	2.86	3.00	3.31	4.30	3.95	3.17	2.99
4	3.37	2.87	3.00	3.30	4.30	3.94	3.17	2.99
3	3.37	2.87	2.99	3.31	4.30	3.94	3.17	2.99
2	3.36	2.86	2.99	3.30	4.30	3.95	3.16	2.99
Feb. 27	3.37	2.87	2.99	3.30	4.30	3.95	3.16	2.99
20	3.36	2.86	2.99	3.29	4.30	3.95	3.15	2.98
13	3.35	2.83	2.98	3.29	4.29	3.93	3.13	2.98
6	3.35	2.83	2.98	3.29	4.28	3.93	3.13	2.97
Jan. 30	3.34	2.84	2.97	3.29	4.27	3.92	3.14	2.97
23	3.34	2.84	2.95	3.30	4.28	3.92	3.13	2.97
16	3.34	2.83	2.96	3.30	4.28	3.92	3.14	2.97
9	3.34	2.82	2.95	3.30	4.29	3.93	3.13	2.96
2	3.39	2.86	2.98	3.33	4.37	4.01	3.15	2.99
High 1942	3.39	2.88	3.01	3.33	4.37	4.01	3.19	3.02
Low 1942	3.34	2.82	2.95	3.28	4.27	3.91	3.12	2.96
High 1941	3.42	2.86	3.06	3.39	4.47	4.03	3.20	3.08
Low 1941	3.25	2.72	2.85	3.19	4.24	3.89	3.03	2.83
1 Year ago Mar. 17, 1941	3.37	2.77	2.98	3.36	4.37	3.97	3.15	2.98
2 Years ago Mar. 16, 1940	3.59	2.84	3.04	3.66	4.81	4.38	3.28	3.10

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

Asks USDA War Boards Help Mobilize Farm Labor

Secretary of Agriculture Wickard announced on Mar. 13 a program for helping to mobilize farm labor manpower. The Secretary instructed the State and County U. S. Department of Agriculture War Boards to cooperate with the U. S. Employment Service in setting up machinery for:

1. Registration of all unemployed farm workers and members of farm families unemployed and available for work.
2 Registration of all farm laborers, operators and members of farm families who are partially employed but would be available for part-time work on other farms.
3. Registration of all operators of farm equipment who perform custom work.
4. Plan for use of all qualified persons employed on WPA and NYA projects in appropriate farm work.
5. Registration of all school youth available for farm work.
6. Registration of all women available for farm work.
7. Development of plans for making use during peak seasonal operations of town persons who are regularly employed in other occupations.
8. Development of plans for the exchange between farmers of:
   (a) The labor of the farmers and members of their families.
   (b) The labor of regular, full-time hired men.
   (c) The labor of seasonal workers who are or may be housed on individual farms.
9. Development of plans for any training which may be required in order to make effective use of farm labor.
10. Complete registration of labor requirements of all farmers with the person designated in the area as the "employment representative."
11. Development of plans for the provision of local centralized living facilities for migratory labor from which they may be dispatched to particular jobs.
12 Plans for the transportation of workers to and from work.

The U. S. Employment Service, Secretary Wickard said, has agreed to increase the number of permanent and temporary employment offices in rural areas, The Secretary asked the War Boards to furnish information to the U. S. Employment Service as a guide to the proper location of such offices. The announcement from the Agricultural Department adds:

> In all agricultural counties where no permanent office is established, a voluntary representative of the Employment Service will be appointed to assume responsibility for substantially the same functions as would be performed by the Farm Placement personnel in a permanent employment office.
>
> In agricultural counties with heavy production, voluntary representatives will also be designated in each community.
>
> The Secretary authorized USDA personnel to act as voluntary employment representatives.

Moody's Daily Commodity Index

Tuesday, Mar. 10	229.5
Wednesday, Mar. 11	229.2
Thursday, Mar. 12	230.2
Friday, Mar. 13	229.8
Saturday, Mar. 14	229.6
Monday, Mar. 16	229.4
Tuesday, Mar. 17	230.1
Two weeks ago, Mar. 3	228.9
Month ago, Feb. 17	229.0
Year ago, Mar. 17	181.2
1941 High—Sept. 9	219.9
Low—Feb. 17	171.6
1942 High—Mar. 12	230.2
Low—Jan. 2	220.0

Cottonseed Receipts Again Lower

On March 13 the Bureau of the Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the 7 months ended with February, 1942 and 1941:

Cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, and on hand for seven months, ending Feb. 28, 1942 and 1941.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

	Received at mills* Aug. 1 to Feb. 28		Crushed Aug. 1 to Feb. 28		On hand at mills Feb. 28	
	1942	1941	1942	1941	1942	1941
United States	3,811,046	4,138,858	3,173,236	3,336,295	768,339	841,405
Alabama	211,559	72,507	177,561	68,332	45,171	4,183
Arizona	76,668	185,458	65,015	164,009	11,870	22,031
Arkansas	470,445	516,341	372,639	353,060	122,736	168,836
California	149,140	196,395	118,182	114,973	37,453	84,491
Georgia	245,753	326,253	202,975	267,120	61,694	60,265
Louisiana	79,154	122,671	76,607	114,370	3,073	8,555
Mississippi	551,592	469,176	440,816	337,311	114,802	138,379
North Carolina	209,160	255,914	181,994	223,805	36,902	35,719
Oklahoma	237,393	228,388	218,309	215,811	19,616	13,085
South Carolina	109,157	220,763	100,880	206,047	11,285	15,232
Tennessee	391,556	387,840	299,088	258,980	113,136	129,986
Texas	940,421	1,039,615	808,210	916,718	159,405	138,644
All other States	139,048	117,537	110,960	95,759	31,196	21,999

*Does not include 130,529 and 39,507 tons on hand Aug. 1, nor 39,139 and 32,633 tons reshipped for 1942 and 1941, respectively. Does include 665 tons destroyed for 1941.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

Item—	Season	On hand August 1	Produced Aug. 1 to Feb. 28	Shipped out Aug. 1 to Feb. 28	On hand Feb. 28
Crude oil (thousand pounds)	1941-42	*29,708	980,061	945,958	*170,913
	1940-41	37,352	1,065,363	990,011	177,509
Refined oil (thousand pounds)	1941-42	†294,005	‡768,567	------	†351,683
	1940-41	493,658	865,132	------	507,344
Cake and meal (tons)	1941-42	164,444	1,383,727	1,175,963	372,208
	1940-41	79,501	1,481,955	1,307,493	253,963
Hulls (tons)	1941-42	151,439	789,783	734,595	206,627
	1940-41	20,914	837,565	646,640	211,839
Linters (running bales)	1941-42	123,154	930,748	905,141	148,761
	1940-41	129,340	895,792	753,783	271,349
Hull fiber (500-lb. bales)	1941-42	1,834	21,994	22,805	1,023
	1940-41	1,215	24,159	23,922	1,452
Grabbots, motes, &c. (500-lb. bales)	1941-42	6,183	42,753	23,450	25,486
	1940-41	12,449	34,896	32,499	14,846

*Includes 13,192,000 and 107,597,000 pounds held by refining and manufacturing establishments and 7,859,000 and 20,556,000 pounds in transit to refiners and consumers Aug. 1, 1941, and Feb. 28, 1942, respectively.

†Includes 7,268,000 and 4,106,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 3,903,000 and 3,510,000 pounds in transit to manufacturers of shortening, oleomargarine, soap, etc., Aug. 1, 1941, and Feb. 28, 1942, respectively.

‡Produced from 820,567,000 pounds of crude oil.

Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has decided to discontinue until further notice the publication of statistics concerning imports and exports.

Electric Output For Week Ended March 14, 1942 Shows 12.5% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended March 14, 1942, was 3,357,444,000 kwh., which compares with 2,983,591,000 kwh. in the corresponding period in 1941, a gain of 12.5%. The output for the week ended March 7, 1942, was estimated to be 3,392,121,000 kwh., an increase of 12.9% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	•Week Ended			
Major Geographical Divisions—	Mar. 14, '42	Mar. 7, '42	Feb. 28, '42	Feb. 21, '42
New England	10.7	13.5	13.1	16.7
Middle Atlantic	8.3	8.9	9.5	12.1
Central Industrial	9.9	11.0	12.9	13.1
West Central	11.6	12.1	13.1	13.8
Southern States	12.6	12.8	14.5	14.4
Rocky Mountain	13.2	15.2	17.3	13.5
Pacific Coast	29.1	25.2	23.4	23.9
Total United States	12.5	12.9	13.9	14.7

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1941	1940	% Change 1941 over 1940	1939	1938	1937
Sept. 6	3,132,954	2,591,957	+20.9	2,375,852	2,109,985	2,211,398
Sept. 13	3,322,346	2,773,177	+19.8	2,532,014	2,279,233	2,338,370
Sept. 20	3,273,375	2,769,346	+18.2	2,538,118	2,211,059	2,231,277
Sept. 27	3,273,376	2,816,358	+16.2	2,558,538	2,207,942	2,331,415
Oct. 4	3,330,582	2,792,067	+19.3	2,554,290	2,228,586	2,339,384
Oct. 11	3,355,440	2,817,465	+19.1	2,583,366	2,251,089	2,324,750
Oct. 18	3,313,596	2,837,730	+16.8	2,576,331	2,281,328	2,327,212
Oct. 25	3,340,768	2,866,827	+16.5	2,622,267	2,283,831	2,297,785
Nov. 1	3,380,488	2,882,137	+17.3	2,608,664	2,270,534	2,245,449
Nov. 8	3,368,690	2,858,054	+17.9	2,588,618	2,276,904	2,214,337
Nov. 15	3,347,893	2,889,937	+15.8	2,587,113	2,325,273	2,263,679
Nov. 22	3,247,938	2,839,421	+14.4	2,560,962	2,247,712	2,104,579
Nov. 29	3,339,364	2,931,877	+13.9	2,605,274	2,334,690	2,179,411
Dec. 6	3,414,844	2,975,704	+14.8	2,654,395	2,376,541	2,234,135
Dec. 13	3,475,919	3,003,543	+15.7	2,694,194	2,390,388	2,241,972
Dec. 20	3,495,140	3,052,419	+14.5	2,712,211	2,424,935	2,053,944
Dec. 27	3,234,128	2,757,259	+17.3	2,464,795	2,174,816	2,033,319

Week Ended—	1942	1941	% Change 1942 over 1941	1940	1932	1929
Jan. 3	3,288,685	2,845,727	+15.6	2,558,180	1,619,265	1,542,000
Jan. 10	3,472,579	3,002,454	+15.7	2,688,380	1,602,482	1,723,810
Jan. 17	3,450,468	3,012,638	+14.5	2,673,823	1,598,201	1,736,729
Jan. 24	3,440,163	2,996,155	+14.8	2,660,962	1,588,967	1,717,315
Jan. 31	3,468,193	2,994,047	+15.8	2,632,555	1,588,853	1,728,203
Feb. 7	3,474,638	2,989,392	+16.2	2,616,111	1,578,817	1,726,161
Feb. 14	3,421,639	2,976,478	+15.0	2,564,670	1,545,459	1,718,304
Feb. 21	3,423,589	2,985,585	+14.7	2,546,816	1,512,158	1,699,250
Feb. 28	3,409,907	2,993,253	+13.9	2,568,328	1,519,679	1,706,719
Mar. 7	3,392,121	3,004,639	+12.9	2,553,109	1,538,452	1,702,570
Mar. 14	3,357,444	2,983,591	+12.5	2,550,000	1,537,747	1,687,229
Mar. 21	------	2,983,048	----	2,508,321	1,514,553	1,687,229

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	% Change 1941 over 1940	1939	1938	1937
January	13,149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	13,836,992	11,616,238	+19.1	10,185,255	9,170,375	10,036,410
August	14,118,619	11,924,381	+18.4	10,785,902	9,801,770	10,308,884
September	13,901,644	11,484,529	+21.0	10,653,197	9,486,866	9,908,314
October	14,756,951	12,474,727	+18.3	11,289,617	9,844,519	10,065,805
November	13,974,232	12,213,543	+14.4	11,087,866	9,893,195	9,506,495
December	------	12,842,218	----	11,476,294	10,372,602	9,717,471
Total for year		138,653,997		124,502,309	111,557,727	117,141,591

Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest coal report stated that the total production of soft coal in the week ended March 7 is estimated at 10,100,000 net tons. This indicates a decrease of 1,165,000 tons, or 10.3% from the preceding week, and brings the weekly figure below the corresponding 1941 level for the first time.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended March 7 was estimated at 1,179,000 tons, a decrease of 116,000 tons (about 9%) from the preceding week. When compared with the output in the corresponding week of 1941, there was an increase of 5.4%. The calendar year 1942 to date shows a decrease of 0.8% when compared with the comparable period of 1941.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week Ended			January 1 to date			
	Mar. 7 1942	‡Feb. 28 1942	Mar. 8 1941	§Mar. 7 1942	Mar. 8 1941	Change fr. last year	Mar. 6 1937
*Bituminous coal—	000's omitted						
Total, incl. mine fuel	10,100	11,265	10,748	102,899	97,413	+ 5.6%	95,339
Daily average	1,683	1,878	1,791	1,837	1,709	+ 7.5%	1,737
†Crude petroleum— Coal equivalent of weekly output	6,302	6,432	5,820	62,339	55,361	+12.6%	48,278

*Includes for purposes of historical comparison and statistical convenience the production of lignite. §Subject to current adjustment.

†Total barrels produced during the week converted into equivalent coal assuming 6,000,000 b.t.u. per barrel of oil and 13,100 b.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, 1939, page 702). ‡Revised.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE
(In Net Tons)

	Week Ended			Calendar year to date		
	Mar. 7 1942	Feb. 28 1942	Mar. 8 1941	§Mar. 7 1942	Mar. 8 1941	Mar. 9 1929
Penn. anthracite—						
*Total, incl. colliery fuel	1,179,000	1,295,000	1,119,000	10,483,000	10,566,000	15,042,000
†Commercial production	1,120,000	1,230,000	1,063,000	9,959,000	10,038,000	13,959,000
Beehive coke—						
United States total	151,800	156,800	138,100	1,408,500	1,168,600	1,167,000
By-product coke—						
United States total	1,166,600	1,163,300	‡	11,088,300	‡	‡

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
[In Thousands of Net Tons]

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					¶February
State—	1942	1942	1941	1940	1937	aver.1923
Alaska	2	2	3	3	2	**
Alabama	385	370	373	304	304	403
Arkansas and Oklahoma	71	70	89	70	50	87
Colorado	174	172	161	118	197	231
Georgia and North Carolina	1	1	††	1	††	**
Illinois	1,405	1,444	1,314	1,123	1,493	1,993
Indiana	540	515	518	421	500	613
Iowa	84	82	67	60	116	136
Kansas and Missouri	167	180	197	142	192	174
Kentucky—Eastern	830	766	866	776	916	556
Kentucky—Western	277	285	248	173	322	226
Maryland	40	39	39	38	42	51
Michigan	6	7	8	16	23	26
Montana	74	86	75	57	68	80
New Mexico	26	25	24	23	45	58
North and South Dakota	60	63	69	56	71	**37
Ohio	695	675	578	450	653	694
Pennsylvania bituminous	2,760	2,638	2,690	2,107	2,813	3,087
Tennessee	151	142	147	128	119	127
Texas	8	10	7	16	16	23
Utah	100	86	79	57	112	96
Virginia	370	382	338	281	307	212
Washington	32	49	40	33	46	77
*West Virginia—Southern	1,996	1,940	2,038	1,682	2,052	1,127
†West Virginia—Northern	866	827	774	564	731	673
Wyoming	144	144	118	95	157	156
‡Other Western States	1	††	††	††	1	**7
Total bituminous coal	11,265	11,000	10,860	8,794	11,348	10,956
§Pennsylvania anthracite	1,295	1,159	1,090	891	718	1,902
Total, all coal	12,560	12,159	11,950	9,685	12,066	12,858

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

President Backs National War Labor Board In Toledo, Peoria & Western RR. Co. Case

The White House on March 16 made public a letter sent to George P. McNear, Jr., President of the Toledo, Peoria & Western Railroad Company, from President Roosevelt in which Mr. McNear was requested to comply immediately with the Feb. 27 order of the National War Labor Board for arbitration of the labor dispute between the railroad company and the Brotherhood of Railroad Trainmen and the Brotherhood of Locomotive Firemen and Enginemen. This dispute over wages, hours and working conditions has resulted in a strike since Dec. 28, 1941, affecting 104 employees of this 239-mile road, which is the freight belt line by-passing Chicago.

President Roosevelt in part wrote as follows:

"In these times of war, I must insist that the national agreement that there shall be no strikes or lockouts for the duration of the war and that the procedures for the peaceful settlement of labor disputes as set forth in the Executive Order creating the National War Labor Board must be complied with by all American employers and labor groups.

"As President of the United States and Commander in Chief of the armed forces, I hereby request you to comply with the order of the National War Labor Board immediately."

The history and significance of this case is recited in the final appeal of the National War Labor Board sent to the Toledo, Peoria & Western Railroad Company. The official statement is given herewith:

"The defiance of the Government of the United States by the Toledo, Peoria and Western Railroad Company has raised issues far beyond the dispute between the company and the Railroad Brotherhoods. This Government of the people in time of war cannot afford to permit the special or private interest of any labor union or corporation to break down the national agreement between management and labor, that labor disputes shall be settled for the duration of the war by peaceful means.

"A private quarrel between a company and a union cannot be allowed to continue in the midst of a total war.

"The Government of the United States, which, through four successive public agencies, proposed patiently but unsuccessfully a peaceful settlement of this dispute, cannot be flouted by private interests.

"Before Pearl Harbor, both sides refused arbitration proposed by the National Railway Mediation Board. Since Pearl Harbor a number of Federal agencies have attempted to settle this dispute by peaceful means.

"First, the National Railway Mediation Board proposed arbitration. The unions accepted but the company rejected.

"Second, the Director of the Office of Defense Transportation proposed arbitration. The unions accepted but the company rejected.

"Third, a three member panel of the United States Conciliation Service proposed arbitration. The unions accepted but the company rejected.

"Fourth, the National War Labor Board unanimously directed arbitration under Section 8 of the Railway Labor Act and under the auspices of the National Railway Mediation Board, set up by Congress for that purpose. The unions accepted but the company rejected.

"Fifth, the National Railway Mediation Board sent its mediator to Peoria to carry out the directive order of the War Labor Board for arbitration. The unions again agreed to cooperate and the company refused.

"This rejection of established peaceful and lawful procedures for settlement of this labor dispute tends to breed violence and a disrespect of lawful processes.

"We denounce any violence, any disregard of law, and any defiance of peaceful procedures. The national crisis demands the use of the peaceful means of settlement established by the Government.

"The Government has been patient, but there is a point beyond which patience becomes an act of disloyalty to a people who have seen stronghold after stronghold of freedom go down because men and materials to save them arrived too late. The people of the United States have a right to demand that their Government prevent a private quarrel from checking the national will.

"In this time of dire necessity for the quick maximum transportation of all materials as part of total war, any refusal to settle a railroad labor dispute involving a small but vital link in overland transportation between the oceans is intolerable to the American people in their struggle to remain free.

"The National War Labor Board, in the name of the Government of the United States again unanimously, and for the last time, calls upon the management of the Toledo, Peoria and Western Railroad Company to accept arbitration of this dispute in according with the decision of the Board."

Corn & Wheat Loans

The Department of Agriculture reported on Mar. 11 that the Commodity Credit Corporation had made 85,403 loans, in the amount of $64,326,269 on 88,143,945 bushels of 1941 crop corn through Feb. 28, 1942. Loans made to date have averaged 73 cents per bushel.

The Department also reported on Mar. 11 that through Feb. 28, 1942, the CCC made 514,745 loans on 355,933,094 bushels of 1941 wheat. The wheat under loan includes 117,775,740 bushels stored on farms and 238,157,354 bushels stored in public warehouses. Loans have been repaid on 17,904,810 bushels.

Court Restricts Wage-Hour Administration

In restricting the authority of the Wage-Hour Administration in the issuance of subpoenas, the U. S. Supreme Court on Mar. 2 declared that the power of subpoena "is capable of appressive use," and the Court ruled against the practice of the Wage-Hour Administrator in delegating to subordinates authority to require companies to produce their records for inspection. From Associated Press accounts we quote:

> In two cases involving the Lowell (Mass.) "Sun" and the Cudahy Packing Co., of Louisiana, the Court held by the narrowest margin that Congress purposely had withheld from the Wage-Hour Administrator the right to delegate subpoena power to his aides and that he would have to issue any such orders personally.
>
> The Justice Department, contending that this would be an unbearable burden, said that the Wage-Hour Administration was issuing 6,000 subpoenas yearly.
>
> In the Cudahy case, the Court reversed by a 5 to 4 vote the Circuit Court of Appeals at New Orleans, which had ruled against the company.
>
> Justice Murphy, former Attorney General who was among the majority in the Cudahy case, did not participate in the Lowell "Sun" case with the result that the Court split, 4-4. An even decision automatically upholds the lower Court, and the Circuit Court of Appeals had ruled for the newspaper.
>
> The newspaper, in addition to contesting the Administrator's authority to delegate his subpoena powers, argued also that application of the wage-hour law to newspapers violated the Constitutional guarantee of freedom of the press. The Supreme Court did not pass on this question.

The Lowell "Sun" case was previously referred to in these columns Nov. 2, 1940, page 2578. Further restrictions on the Administrator's powers were indicated in the following in Washington advices Mar. 9 to the New York "Times":

> On the basis of last Monday's [Mar. 2] decision saying that the Wage and Hour Administration lacked power to delegate authority for issuance of subpoenas to a subordinate, the Supreme Court today reserved a lower court ruling requiring the Cudahy Packing Co. to produce books and records for an investigation of its plant at Newport, Minn.
>
> The action was taken through a formal order citing as a precedent last week's decision against the Administration in the case of the Cudahy Packing Co. of Louisiana and involving the same issue as in the Minnesota controversy.

Other decisions in three labor cases, ruled on by the Supreme Court on Mar. 2, were noted as follows in Associated Press Washington advices that day, as given in the "Baltimore Sun":

> The Court also delivered significant decisions in three labor cases.
>
> 1. It held that a labor union could not be prosecuted under the Federal Anti-Racketeering Act of 1934 for using alleged strong-arm methods to make employers hire union members.
>
> 2. It upheld an order issued under the Wisconsin Employment Peace Act of 1939, in which a union was enjoined from picketing and boycotting which had been attended by violence.
>
> 3. It ruled, in a case filed by railroad unions and over the protest of the Interstate Commerce Commission, that the ICC had authority to impose conditions for the protection of employees in railroad abandonments.
>
> The Court also ruled today, in a 5-3 decision, that tips collected by red caps after the wage-hour law was enacted, could be considered part of the minimum wages required by the Act.

Cotton Consumption in February Above Last Year

Under date of March 14, 1942, the Census Bureau issued its report showing cotton consumed in the United States, cotton on hand, active cotton spindles, and imports and exports of cotton for the month of February, 1942, and 1941. Cotton consumed amounted to 893,745 bales of lint and 107,539 bales of linters, as compared with 793,428 bales of lint and 108,838 bales of linters in January, 1941.

February consumption of cotton includes 4,500 bales distributed by Surplus Marketing Administration through various cotton mattress programs. The following is the statement:

(Cotton in running bales, counting round as half bales, except foreign which is in 500-pound bales.)

	Year	Cotton consumed during		Cotton on hand February 28		Cotton spindles active during February (number)
		February (bales)	7 mos. ending Feb. 28 (bales)	In consuming establishments (bales)	In public storage and at compresses (bales)	
United States	1942	*893,745	6,280,108	2,579,789	12,213,134	23,077,722
	1941	793,428	5,216,874	1,906,835	14,045,487	22,777,280
Cotton-growing States	1942	759,028	5,334,918	2,096,777	11,823,328	17,470,838
	1941	674,009	4,458,285	1,570,268	13,707,994	17,236,944
New England States	1942	107,893	751,119	402,989	366,519	4,954,202
	1941	94,225	612,263	285,246	327,818	4,922,292
All other States	1942	26,824	194,071	80,023	23,287	652,682
	1941	25,194	146,326	51,321	9,675	618,044
INCLUDED ABOVE						
Egyptian cotton	1942	(1)	(1)	46,452	3,804	
	1941	(1)	(1)	29,944	4,707	
Other foreign cotton	1942	16,631	112,011	67,937	40,693	
	1941	11,629	72,672	28,480	25,028	
Amer.-Egypt'n cotton	1942	4,403	23,804	27,642	10,060	
	1941	2,277	14,247	14,979	8,799	
NOT INCLUDED ABOVE						
Linters	1942	107,539	846,077	558,972	175,902	
	1941	106,838	728,802	543,060	83,638	

(1) Included in other foreign cotton.

*February consumption of cotton included 4,500 bales distributed by Surplus Marketing Administration through various cotton mattress programs.

Imports and Exports of Cotton and Linters

In the interest of national defense, the Department of Commerce has decided to discontinue until further notice the publication of detailed statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

Fertilizer Ass'n Price Index Still Rises

The weekly wholesale commodity price index compiled by The National Fertilizer Association which was released March 16, showed a slight gain in the week ended March 14, 1942, advancing to 124.0 from 123.7 in the preceding week. A month ago the index stood at 121.7 and a year ago it was 101.4, based on the 1935-1939 average as 100.

The increase in the general level was due to higher prices in farm products and gains in some industrial commodities. The foods group index declined due to lower prices for beef, veal, lamb, pork, cattle and poultry, even though higher prices were shown for milk, flour, and other meats. Higher prices for anthracite coal and petroleum offset lower prices for gasoline resulting in the fuels group remaining the same. Slight increases in the prices for cotton and wool were responsible for a fractional gain in the textile average. Higher quotations for Southern pine, brick, and linseed oil resulted in a substantial rise in the building materials group index. The miscellaneous commodity average was higher due to gains in the prices of feedstuffs. The other groups in the composite index remained the same as in the preceding week.

During the week 24 price series included in the index advanced and 13 declined; in the preceding week there were 26 advances and 10 declined; in the second preceding week there were 17 advances and 15 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

*1935—1939=100

% Each Group Bears to the Total Index	Group	Latest Week March 14 1942	Preceding Week March 7 1942	Month Ago Feb. 7 1942	Year Ago March 15 1941
25.3	Foods	121.6	122.3	117.3	93.7
	Fats and Oils	136.1	136.0	135.5	80.0
	Cottonseed Oil	159.0	159.0	158.7	80.2
23.0	Farm Products	133.8	133.4	131.8	93.8
	Cotton	183.8	183.6	182.3	99.1
	Grains	119.8	119.2	120.0	86.5
	Livestock	127.0	126.8	124.5	93.3
17.3	Fuels	113.3	113.3	113.3	102.1
10.8	Miscellaneous commodities	127.5	127.1	127.3	112.8
8.2	Textiles	146.9	†145.8	†145.9	116.5
7.1	Metals	104.4	†104.4	104.4	103.4
6.1	Building materials	139.6	135.0	132.0	117.4
1.3	Chemicals and drugs	120.3	120.3	120.1	104.0
.3	Fertilizer materials	118.9	118.9	118.0	105.8
.3	Fertilizers	115.3	115.3	114.0	102.1
.3	Farm machinery	103.8	103.8	103.5	99.8
100.0	All groups combined	124.0	†123.7	†121.7	101.4

*Indexes on 1926-1928 base were: March 14, 1942, 96.6; March 7, 1942, †96.4; and March 15, 1941, 79.0. †Revised.

D. E. Gamble In WPB Post

D. E. Gamble, of Borg & Beck Division, Borg-Warner Corp., has been named Assistant Chief of Heavy Ordnance for the War Production Board. Mr. Gamble has been Vice-President and General Manager of Borg & Beck Division since 1929. In 1940 and 1941 he also served as President of the Pump Engineering Service Corp., a Borg-Warner subsidiary in Cleveland, and was largely responsiblie for the formation and success of the Spring Division of Borg-Warner in Bellwood, Ill.

Steel Production Establishes A New All-Time High—All New Construction To Be Licensed

Moves to widen many vital bottlenecks in war production have been taken in the last few weeks, or are about to be taken, says "The Iron Age" in its issue today (March 19), further adding:

> A new plant to turn out turbo-generators and turbines is underway for completion by next July. An extremely large arsenal, which is to be a duplicate of a widely-publicized midwestern plant, is to be built in Ohio, and efforts to obtain the necessary machine tools and other equipment will be started shortly. Another important midwestern war project is the plan by a leading steel company to manufacture steel tubing for aircraft construction. An idle plant in Ohio is to be utilized in manufacturing bayonets.
>
> Signs are appearing at many points in the metal working industry that the United States is planning for an offensive war. Steel order backlogs show, for example, that hundreds of thousands of tons of sheets and wire mesh will be utilized in 1942 for airplane landing mats.
>
> From now on, orders affecting the production and use of vital materials like steel will grow still more severe. The biggest industry to be halted, for conversion to war implement manufacture, has, of course, been the automotive industry.
>
> This week, the construction industry is being placed on the block for the good of the nation. All construction, "The Iron Age'" has learned, will soon be stopped by an order of the War Production Board. After the stop date, all new construction will be licensed, so that vital metals and other materials may be directed to the war effort.
>
> Reasons for the coming ban on building are readily discernible. With orders for steel to be used in defense plants and military bases continuing to pour in, the steel reinforcing bar situation has become critical. All the orders now being placed bear high priority ratings.
>
> Recent allocation of structural shapes for production of freight cars still leaves unsolved the problem of how to make rails, munition steel and structural steel off the same mill, in some cases, when all three items are under practical allocation.
>
> To some observers the steel industry seems closer than a week ago to the point at which the War Production Board will have to consider the absolute allocation of all available ingots to finishing facilities that Army, Navy, Maritime Commission and lend-lease needs may be met on schedule.
>
> Steel ingot production this week reached a new high point of 97% of capacity, an advance of a point over last week's revised rate of 96%, according to "The Iron Age" estimates. Part of the rise appeared due to a slight seasonal improvement in scrap shipments, a reflection of early spring weather reported in some areas. Nevertheless, the scrap shortage remains the chief retarding factor in efforts to lift steel output.
>
> The only important steel producing area to show a loss this week was Pittsburgh, where operations are down one point to 97% of capacity. Chicago operations rose a half point to 104%, while Youngstown advanced a point to 100%. Eastern Pennsylvania gained a half point to 91.5% and Cleveland climbed 1½ points to 96%. Districts with unchanged steel production rates this week are Buffalo at 90%, Wheeling at 83%, Birmingham at 99% and South Ohio River at 88%.
>
> Lack of coordination in the timing of deliveries of machine tools with the actual ability of the high-rated user to place such equipment into operation continues to result in a loss of production time for much war equipment. In the latest case brought to the attention of "The Iron Age" two jib borers were delivered a month ago to a plant which will not be completed for another month. Meanwhile other war plants are losing valuable time waiting for this badly needed equipment.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

March 17, 1942, 2.30467c. a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		Low	
1941	2.30467c.		2.30467c.	
1940	2.30467c.	Jan. 2	2.24107c.	Apr. 16
1939	2.35367c.	Jan. 3	2.26689c.	May 16
1938	2.58414c.	Jan. 4	2.27207c.	Oct. 18
1937	2.58414c.	Mar. 9	2.32263c.	Jan. 4
1936	2.32263c.	Dec. 28	2.05200c.	Mar. 10
1935	2.07642c.	Oct. 1	2.06492c.	Jan. 8
1934	2.15367c.	Apr. 24	1.95757c.	Jan. 2
1933	1.95578c.	Oct. 3	1.75836c.	May 2
1932	1.89196c.	Jul. 5	1.83901c.	Mar. 1
1931	1.99629c.	Jan. 13	1.86586c.	Dec. 29
1930	2.25488c.	Jan. 7	1.97319c.	Dec. 9
1929	2.31773c.	May 28	2.26498c.	Oct. 29

Pig Iron

March 17, 1942, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	23.61

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

	High		Low	
1941	$23.61	Mar. 20	$23.45	Jan. 2
1940	$23.45	Dec. 23	$22.61	Jan. 2
1939	22.61	Sep. 19	20.61	Sep. 12
1938	23.25	Jun. 21	19.61	Jul. 6
1937	23.25	Mar. 9	20.25	Feb. 16
1936	19.74	Nov. 24	18.73	Aug. 11
1935	18.84	Nov. 5	17.83	May 14
1934	17.90	May 1	16.90	Jan. 27
1933	16.90	Dec. 5	13.56	Jan. 3
1932	14.81	Jan. 5	13.56	Dec. 6
1931	15.90	Jan. 6	14.79	Dec. 15
1930	18.21	Jan. 7	15.90	Dec. 16
1929	18.71	May 14	18.21	Dec. 17

Steel Scrap

March 17, 1942, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.33

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		Low	
1941	$22.00	Jan. 7	$19.17	Apr. 10
1940	21.83	Dec. 30	16.04	Apr. 9
1939	22.50	Oct. 3	14.08	May 16
1938	15.00	Nov. 22	11.00	Jun. 7
1937	21.92	Mar. 30	12.92	Nov. 10
1936	17.75	Dec. 21	12.67	Jun. 9
1935	13.42	Dec. 10	10.33	Apr. 29
1934	13.00	Mar. 13	9.50	Sep. 25
1933	12.25	Aug. 8	6.75	Jan. 3
1932	8.50	Jan. 12	6.43	Jul. 5
1931	11.33	Jan. 6	8.50	Dec. 29
1930	15.00	Feb. 18	11.25	Dec. 9
1929	17.58	Jan. 29	14.08	Dec. 3

The American Iron and Steel Institute on March 16 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 97.9% of capacity for the week beginning March 16, compared with 97.4% one week ago, 96.2% one month ago and 99.4% one year ago. This represents an increase of 0.5 point or 0.5% from the preceding week. The operating rate for the week beginning March 16 is equivalent to 1,663,000 tons of steel ingots and castings, compared to 1,654,500 tons one week ago, 1,634,100 tons one month ago and 1,604,200 tons one year ago. Weekly indicated rates of steel operations since March 31, 1941, follow:

1941—		Jun 30	91.8%	Oct 6	98.1%	1942—	
Mar 31	99.2%	Jly 7	94.9%	Oct 13	98.4%	Jan 5	93.8%
Apr 7	99.3%	Jly 14	95.2%	Oct 20	97.8%	Jan 12	95.1%
Apr 14	98.3%	Jly 21	96.0%	Oct 27	99.9%	Jan 19	95.0%
Apr 21	96.0%	Jly 28	97.6%	Nov 3	98.2%	Jan 26	94.6%
Apr 28	94.3%	Aug 4	96.3%	Nov 10	96.6%	Feb 2	95.0%
May 5	96.8%	Aug 11	95.6%	Nov 17	97.0%	Feb 9	95.5%
May 12	99.2%	Aug 18	96.2%	Nov 24	95.9%	Feb 16	96.2%
May 19	99.9%	Aug 25	96.5%	Dec 1	97.6%	Feb 23	96.3%
May 26	98.6%	Sep 2	96.3%	Dec 8	97.5%	Mar 2	97.2%
Jun 2	99.2%	Sep 8	96.9%	Dec 15	97.9%	Mar 9	97.4%
Jun 9	96.6%	Sep 15	96.1%	Dec 22	93.4%	Mar 16	97.9%
Jun 16	99.0%	Sep 22	96.8%	Dec 29	96.1%		
Jun 23	99.9%	Sep 29	96.9%				

"Steel" of Cleveland, in its summary of the iron and steel markets, on March 16 stated:

That production and shipment of finished steel for war orders may be more closely related to sequence of preference ratings, regardless of the products involved, the War Production Board has ordered diversion of raw steel to essential needs to the fullest possible extent.

The process is to start with the ingot and follow through semi-finished steel, at each step due regard being given to needs of finishing mills in meeting priority ratings on all products in the order of their importance. Thus steel will be supplied for A-1-a orders to the limit of mill production before lower preferences are served.

Many producers have been following a similar plan for some time and the application of the new order will not require much change in practice. Buyers of steel below top priority will be most affected. To meet the emergency the latter are making greater efforts to obtain high-priority war contracts.

In the experience of some steelmakers less tonnage was booked in the first two months this year than in the corresponding period last year. This is accounted for in part by the fact that a year ago many buyers for civilian production were seeking coverage, while now there is practically no pressure of that sort.

Steel ingot production last week receded 1 point to 95½%, due in part to scrap restriction and in part to repair work by one producer, which caused idleness for the entire week. Detroit advanced 3 points to 87%, St. Louis 5½ points to 83½ and Youngstown 3 points to 94. Chicago declined ½-point to 103%, Pittsburgh ½-point to 95, eastern Pennsylvania 2 points to 88, Cleveland ½-point to 91, Wheeling 4 points to 81½ and Cincinnati 14½ points to 80%. Unchanged rates were: Buffalo 79½, Birmingham 95 and New England 95.

Scrap supply shows no essential change, better volume being received in some districts while others find receipts curtailed. Intensive efforts to uncover dormant tonnage continue along various lines and produce some results but total achievement is not impressive. Material from automobile wrecking yards is being moved but time is required for its preparation in dealers' yards and it comes out slowly. Total available from this source is not as large as had been expected.

Request has been made by OPA to the Interstate Commerce Commission to delay application of the 6% freight increase on several commodities, including scrap, until its effect on ceiling prices can be determined.

Higher prices may be allowed on ferromanganese after April 15, although current prices on other ferroalloys have been affirmed for second quarter. On advice from OPA that a decision on requests for higher ferromanganese prices will be made early next month present prices have been extended only to April 15.

Farm implement manufacturers may be curtailed and be unable to continue some lines, due to inability to obtain special shapes and large rounds, which enter largely into their products. Automobile accessory manufacturers, losing their principal outlet, are converting to armament orders, for which their equipment is suited in most cases. Conversion to war production is on the increase as subcontracting opportunities multiply in the effort to expedite production.

Steel ingot and castings production in February missed by ¼ of 1% the all-time average weekly rate established in October, 1941. Average weekly output in February was 1,631,278 net tons, only 3,639 tons less than the record of 1,634,917 tons per week in October. Total for the month was 6,525,111 tons, compared with 7,129,351 tons in January and 6,237,900 tons in February, last year. The steel industry operated at an average rate of 96% of capacity in February.

Evidence of high speed at which the industry is working is apparent in the new record for February shipments of finished steel set by the United States Steel Corp., with 1,616,587 net tons. Shipments for two months this year totaled 3,355,480 tons, nearly 4% more than 3,230,905 tons shipped in the same period last year.

Price composites, based on ceiling prices, have undergone no change and remain at the level of several months. Finished steel composite is $56.73, semi-finished steel $36.00, steelmaking pig iron $23.05 and steelmaking scrap $19.17.

Petroleum And Its Products

A reduction of 20% in gasoline deliveries to service stations in the Eastern seaboard and Pacific Northwest States which have been hit by the curtailment of tanker transportation because of submarine attacks upon coastwise shipping was ordered March 14 by the War Production Board, acting upon the recommendation of Petroleum Coordinator Harold L. Ickes, who in turn was acting upon the recommendations of the petroleum industry itself. The WPB also ordered that service stations on the East Coast confine their sales to 12 hours daily, and 72 hours weekly. The choice as to hours and days was left to the individual operators.

Under the terms of the new ruling, the average motorist will have to curtail his gasoline consumption even more than 20% since service stations were directed to meet first of all "the minimum, necessary requirements of essential users." Among those classed as essential in the Government order were physicians and nurses, Government, State and city vehicles, school buses, and taxicabs. Approximately 100,000 filling stations in the 19 States and the District of Columbia were affected by the "curfew" order issued by the WPB. The Pacific States affected were Washington and Oregon although in this instance there was no order shutting down service stations for half of each day issued.

In a statement from Mr. Ickes accompanying the announcement, he pointed out that the oil industry agreed with him that "it is clear beyond all argument that some curtailment in the use of gasoline for ordinary civilian purposes is now necessary." It is necessary, not because of any shortage of oil, he pointed out, but because of the lack of adequate transportation facilities to move the crude from the producing areas to the refineries in the East Coast States. Not only have submarines taken a substantial toll of coast-wise tankers, but many vessels have been taken over for Army and Navy use. Much the same situation ruled last summer, when a 7 p.m. to 7 a.m. curfew order was in effect on East Coast service stations, following the loan of many tankers to the British. The curfew was lifted when the tankers were returned to their American owners late in the year.

"Normally, Mr. Ickes pointed out," 95% of the approximately 1,700,000 barrels of oil used daily in the East is brought here by tanker. Many of these tankers have either been sunk or transferred to military service, or service in other areas. Anyone, I am sure, can see that this has dislocated our transportation operations. The limitation which is being imposed is a reasonable one. It should cause no one any hardship or even serious inconvenience. Although there is no way that I know to limit the use of a commodity in a way that will be completely equitable to everybody, this order has been prepared with the air of providing a minimum of difficulty and, at the same time, furnishing the means of dealing with a serious situation."

So far as is practicable supplying companies are required to make deliveries to stations on a basis of not more than one-third of a month's quota during the first 10 days and not more than two-thirds during the first 20 days. This is designed to prevent stations from selling without restriction, with a consequent shortage after supplies are exhausted within the early part of the month. It will be remembered that in last summer's curfew, many dealers would fill all orders until their tanks were empty and then they closed down until they could obtain fresh supplies. Only a relatively small number held down purchases but this condition will be impossible under the new schedule since it governs bulk deliveries to the service stations.

The curtailed delivery and curfew order were generally accepted as the forerunner of an actual card system of rationing of gasoline to consumers in the East Coast area. This also was recommended by the industry committee which suggested the clamp on full deliveries to service stations and the 12-hour daily shutdown of the stations. The recommendations were contained in a telegram sent Mr. Ickes by John A. Brown, President of the Socony-Vacuum Oil Co., and general chairman of the industry committees for the eastern district. The wire stressed the industry's belief "that enough tank car transportation must be taken away from other districts to increase the petroleum supplies for this district (East) to the extent that the railroads can handle the business even if this means rationing for districts No. 2 (Midwest) and No. 3 (Southwest), if they cannot serve their business with the tank cars remaining for them."

Almost simultaneously with the gasoline curtailment order came a prohibition on future installations of fuel-oil heating equipment. The fuel-oil order forbids deliveries for use in any new equipment unless installation is completed within 30 days, or in any converted facilities unless the conversion is completed within 10 days. An exception is made in the case of new constructions if foundations are completed within 30 days and if fuel-oil burning equipment is specified in the construction contract. Otherwise, no exceptions are made except as specifically authorized by the Director of Industry Operations of the War Production Board. Consumers now using fuel oil are also forbidden to accept additional supplies unless they are making full use of standby facilities using fuels or power other than electricity or natural gas. Suppliers are not allowed to make deliveries of fuel oil to such consumers unless the standby facilities are being used to the fullest possible extent.

Just before the curtailment order was issued, it became known that a Special Federal Committee had met in Chicago to study methods of speeding the deliveries of Midwestern petroleum products to the East Coast area. Appointed by Petroleum Coordinator Ickes, the Committee is now studying suggestions made at the recent meeting of representatives from the PCO and of 32 major oil companies operating in the Midwest and Midcontinent fields. Also at the original meeting were five representatives from the East (District 1). Some of the methods of speeding movements of petroleum products to the East include alterations in transportation methods and the pooling of transportation facilities.

The curtailment order brought forth a vigorous protest from Governor Holland of Florida, who said that he was "at a loss" to understand why his State, and some to the north, had been included in the WPB order. "We shall insist on fair treatment and consideration of peak seasonal needs which are just about on us now," the Governor said in Tallahassee, adding that Florida must do all it could to protect the tourists within its boundaries. Just before the order was made public, the Governors of six New England States issued a statement calling for the rationing of gasoline and oil on a national basis as "the only equitable and effective way to cope adequately with the situation." Whether this had been issued with prior knowledge of the Washington announcement by the WPB could not be ascertained.

Highlighting the week, and giving proof to the statement of Petroleum Coordinator Ickes that his office was doing all in its power to aid the movement of petroleum products in the East Coast area through tank car deliveries, was the PCO announcement that rail tank car shipments of petroleum and products into the East Coast area hit another weekly high during the first week of March at 435,086 barrels." The figures just reported to this office indicate better than words the extent to which the oil industry is willing to go to assure, as nearly as possible, the maintenance of adequate supplies of petroleum supplies in the important consuming areas of the East," Deputy Coordinator Davies said.

A drop of 488,855 barrels in daily average production of crude oil in the United States during the week ended March 14 carried the total off to 3,526,580 barrels, lowest in some time. The bulk of the decline was in Texas, the "Oil & Gas Journal" report showed, where two shutdown days resulted in a drop of 474,950 barrels in daily flow of crude. Illinois and Louisiana also showed lower production figures but output in California, Kansas and Oklahoma climbed. Stocks of domestic and foreign crude oil were up 691,000 barrels during the March 7 week, the Bureau of Mines reported this week, totaling 260,064,000 barrels. American crude stocks were up 891,000 barrels, but this was offset by a drop of 200,000 barrels in holdings of foreign crude oil.

Although the Texas crude production quota for March recently was curtailed 200,000 barrels daily to 1,024,000 barrels, the Texas Railroad Commission received nominations of crude oil purchasers for 1,614,000 barrels at its April proration hearing in Austin. The Commission will not set the April allowable until Petroleum Coordinator Ickes approves the certified allowable for the State.

There were no price changes posted.

Prices of Typical Crude per Barrel At Wells

(All gravities where A. P. I. degrees are not shown)

Bradford, Pa.	$2.75
Corning, Pa.	1.31
Eastern Illinois	1.22
Illinois Basin	1.37
Mid-Contin't, Okla., 40 and above	1.25
Smackover, Heavy	0.83
Rodessa, Ark., 40 and above	1.20
East Texas, Texas, 40 and above	1.25
Kettleman Hills, 37.9 and over	1.29
Pecos County, Texas	0.95
Lance Creek, Wyo.	1.12
Signal Hill, 30.9 and over	1.23

Mounting stocks as a result of the transportation bottleneck to the major consuming areas along the East Coast brought another reduction in bulk gasoline prices last weekend in the midcontinent area. A cut of ⅛ cent a gallon made the total cuts for the last month total ½ cents a gallon, the two previous reductions having been of ⅛ and ¼ cent a gallon, respectively.

The easing off in the midcontinent price structure was responsible for a fractional drop in the retail price of gasoline in 50 major cities in the compilation of the American Petroleum Institute. The reports set the March 1 price at retail at 20.04 cents a gallon, against 20.09 a month earlier and 18.17 cents a gallon on the comparable 1941 date. The average service station price at the start of March, before taxes, of 14.07 cents a gallon compared with 14.12 cents on Feb. 1 and 12.27 on March 1 last year.

Within a day or so after the curtailment order for the East Coast and Pacific Northwest areas was announced in Washington, signing of the official rationing order for Canada, which will affect the sale of gasoline for some 1,600,000 motor vehicles and many thousands of marine and stationary engines, was announced in Ottawa. The order provides for coupon books out of which motorists or other purchasers must tear the appropriate number of coupons when making purchases of gasoline and which the dealer has to return to his supplier.

Eight of the company's refineries are now equipped with facilities to use the Houdry process of catalytic refining which "substantially increases the quantity and quality of base gasoline stock which can be obtained from crude for the manufacture of aviation gasoline," John A. Brown, President of Socony-Vacuum Oil Co., Inc., told stockholders this week in mailing them dividend checks. "At the first refinery which the company started to make 100 octane aviation gasoline, it is estimated that the output is about 50% greater than the old way," he said.

Price changes follow:

March 14—Bulk gasoline was cut ⅛ cent a gallon in the midcontinent.

U. S. Gasoline (Above 65 Octane), Tank Car Lots, F. O. B. Refinery

New York—	
Socony-Vac	$.088
Tide Water Oil	.088
Texas	.088
*Shell Eastern	.088
Other Cities—	
Chicago	.06-.06⅜
Gulf Coast	.06-.06
Oklahoma	.06-.06⅜

*Super.

Kerosene, 41-43 Water White, Tank Car, F. O. B. Refinery

New York (Bayonne)	$.053
Baltimore	.054
Philadelphia	.054
North Texas	.04
New Orleans	4.25-4.625
Tulsa	.04⅜-.04¾

Fuel Oil, F. O. B. Refinery or Terminal

N. Y. (Harbor) Bunker C	$1.35
Diesel	2.15
Savannah, Bunker C	1.30
Philadelphia, Bunker C	1.35
Gulf Coast	.85
Halifax	1.70

Gas, Oil, F. O. B. Refinery or Terminal

N. Y. (Bayonne) 7 plus	$.04
Chicago, 28.30 D	.053
Tulsa	.03⅝

Foreign Front

(Continued From First Page)

Lend-lease activities were described in the report as a prime mechanism, through which the United Nations are pooling their entire resources, first for defense and later for offensive action. The war can be won, President Roosevelt pointed out, only by contact with the enemies and by attack upon them. "That takes time," he added, "for the United Nations need more and still more equipment and transportation. Success will come dearly, at the price of defeats and losses. The offensive that the United Nations must and will drive into the heart of the Axis will take the entire strength that we possess. For that combined strength we can thank the decision we took a year ago today. With that combined strength we can go forward along the steep road to victory."

Appropriations for lend-lease by Congress to the end of February amounted to $48,006,650,000, the report noted. Actual expenditures in the same time totaled $2,570,000,000; deliveries to the United Nations were $1,411,000,000, and actual exports amounted to $1,100,000.-000. Illustrating the growth of the lend-lease effort, the report stated that expenditures in the initial month of March, 1941, were $18,000,000, whereas the sum increased to $225,000,000 last October, and to $569,000,000 in February of this year.

Brief references were made in the report to the considerable disparities of appropriations, expenditures, deliveries within the United States, and the vital figure of exports. The deliveries were described as inadequate, because of the time and effort required to revolutionize our industrial system and to attain the volume of production demanded of an effective arsenal of democracy. Lend-lease tanks cannot be purchased in the market-place, the report stated. The bulk of our aid must wait upon the tooling of factories, the pressing needs of our own armed forces, and the construction of new ships to carry the remaining weapons to our Allies.

Comments also were included in the report on the various military and supply missions sent by President Roosevelt to other countries. Such missions had arrived in Russia, China, North Africa and Iran, when the report was submitted, and a further mission is now known to be in India. These military groups are engaged in some vital war tasks, and also are studying continually the equipment and training of huge armies for mechanized warfare, it appears. Problems of supply are among the principal matters with which the missions must cope.

Java Sea Battle

Full details were announced last Saturday by the British and American Governments, jointly, of the naval battle off the northern shore of Java, Feb. 27 to March 1, in which a strong Japanese force overwhelmed a more modest fleet of British, Australian, Dutch and United States warships. This battle proved to be one of the most sanguine in naval history, for thirteen ships of the United Nations were lost, while the Japanese lost at least two and suffered heavy damage to at least six more. That the United Nations had lost this great battle was, of course, apparent some time before the Anglo-American communique was issued, for the successful invasion of Java signalized the outcome.

Actual results of the battle were much in accordance with Japanese claims, advanced immediately after the defeat of our forces. Virtually all the ships lost were named by the enemy, but Tokio erred in claiming the sinking of the U. S. cruiser Augusta, which apparently was not engaged. Netherlands East Indies authorities conceded their losses within a few days of the closing of the battle, and Australia announced her own losses last Friday. The fact that the enemy had gained control of the sea and the air in the struggle for Java was indicated in a score of ways, before the final statement was issued last Saturday. Unfortunately, the document makes no mention of the air phase of the battle.

Some delay in announcing the result of the Java Sea Battle plainly was unavoidable, for gathering of the information required some time, and the authorities obviously hoped for word from ships which eventually had to be given up as lost. It is also clear, on the other hand, that too much time was permitted to elapse before the distressing news was made public. The incident added to the public impression in this country that our authorities are far from candid as to the conduct and course of the war, all things considered.

The naval battle in the Java Sea developed, under command of Netherlands officers, when the relatively small United Nations Fleet of five cruisers and a number of destroyers and other vessels set out from Surabaya to intercept an enemy line of transports, screened by Japanese warships. In the initial phase, the United Nations seemed to succeed, for first reports in the closing days of February told of a Japanese Fleet being turned back from Java. It is now clear, however, that the Japanese had the upper hand, largely because of their far superior strength at the point of battle.

Steaming out from the Netherlands naval base at Surabaya, the United Nations ships sped headlong toward the Japanese squadron, which laid down a smokescreen and vanished northward after a brief encounter. At least nine Japanese cruisers were among the enemy vessels, two of them 8-inch gun ships. Two Japanese destroyer flotillas and numerous other vessels were on hand, and some aircraft carriers and submarines apparently functioned as well, on the enemy side. What part, if any, submarines of the United Nations took in the battle was not indicated.

The main engagement began just before midnight, Feb. 27, and continued for more than 24 hours thereafter. A series of "underwater explosions," which seemed to indicate the presence of Japanese submarines, destroyed two Dutch cruisers and a number of United Nations destroyers. Most of the havoc was occasioned in the closing phases, when ships still afloat tried to make their way from ports of temporary refuge through the Sunda Strait toward Australia.

United States losses comprised the heavy cruiser Houston and the destroyer Pope, no word being available as to the fate of the 900 to 1,000 men on the two ships. Britain lost the cruiser Exeter and the destroyers Encounter, Electra, Jupiter and Stronghold. Australia lost the cruiser Perth and the sloop Yarra. Netherlands ships sunk included the cruisers Java and De Ruyter and the destroyer Kortenaer, while the destroyer Evertsen was damaged and beached.

As against this heavy toll, losses of the enemy were indefinite, beyond an assertion that one heavy Japanese cruiser was sunk and other set afire and heavily damaged, while one Japanese destroyer was sunk and three others damaged. Last words from the Houston and Exeter were heard as they encountered enemy forces, and it can at least be presumed that they inflicted further losses on the enemy before they succumbed to superior fire.

Somewhat perturbing, in view of all this, is a Japanese statement of March 12 to the effect that all Japanese naval losses in the war to that date comprised four destroyers, four submarines, five "special submarines" and one "special vessel," along with 27 transports. In reporting these losses, Premier Hideki Tojo added that one large and one small Japanese cruiser had been damaged, but since repaired. United Nations naval losses were placed by the Japanese Premier at seven battleships, three aircraft carriers, twelve cruisers, 22 destroyers, 42 miscellaneous warships, and 128 merchantmen. Japanese losses plainly are minimized in this statement, and those of the United Nations exaggerated.

Results of the Java Sea engagement were highly perturbing, when at last the full admission was made. The fact now stands out that Japanese naval ability was under-estimated, along with all other Japanese fighting qualities. It is clear that large naval reinforcements will have to be sent to Far Pacific waters, to offset the losses, and this must be done at a time when ships can ill be spared from other duties. Tokio announced last week that the U. S. cruiser Marblehead had been encountered in the Indian Ocean and sunk, but no confirmation was provided in Washington.

The Japanese Navy, with its heavy units admittedly almost unimpaired, now is able to sail into the Indian Ocean, using Singapore, Surabaya and Amboina as bases. British communications with India may be threatened. Japanese statements at Tokio, last week, suggested that two British aircraft carriers and two battleships had been sent to the Indian Ocean, but this report may have been a "fishing expedition," designed to gain information by way of a British denial or confirmation. Nothing was said in London.

Southwestern Pacific Ocean

Now that the Japanese have virtually completed their conquest of key points along the vast Malay Barrier, the possible further moves of the enemy in the Southwestern Pacific Ocean area are a matter of deep concern. The apprehensions with respect to Australia lessened sharply on Tuesday, however, when Washington announced the successful transfer of General Douglas MacArthur to the Australian Command of the United Nations forces, and the arrival in Australia of numbers of reinforcements. Accompanied by his wife and child, and a number of his staff officers, Gen. MacArthur flew from Bataan Peninsula, in the Philippines, to his new base.

Military possibilities in the great region of Oceania are numerous, and for that very reason the next phase of battle is uncertain. Japanese attacks were concentrated on ports of the northern and southern shores of the huge island of New Guinea, directly north of Australia, and some moves also were made against the islands to the northeast of Australia. Australian and other United Nations aircraft contested the Japanese moves and sent many enemy airplanes crashing, and a number of ocean transports to the bottom. This struggle, however, has every appearance of being a delaying action by the United Nations, while forces are assembled in Australia and elsewhere for the eventual offensive against Japan.

Whether Japan will attempt an out-and-out conquest of Australia at this time is questioned by military experts, for the bulk of the Australian population and wealth is in the southeastern States, far distant from any Japanese bases. But aerial attacks and possible landing attempts at northern Australian points are hardly to be doubted, and are already reported, in part. Heavy Japanese attacks by aerial bombers on Port Darwin again were made this week, and the defense of that base is vital to the United Nations.

Australian authorities, much concerned over the military outlook, appealed to London and Washington for prompt assistance. That this request has been amply answered was made clear by the Washington statement on Tuesday. Not only have sizable aerial and land forces arrived in Australia, it was indicated, but the most successful commander of United Nations forces has been sent to Australia, in the person of Gen. MacArthur.

Japanese control of the Malay Barrier must be conceded, on the other hand, and that circumstance is in many ways the most significant of the Pacific War. The enormous riches of Malaya and the Netherlands East Indies will be available to the enemy, if he can hold on for a year and consolidate his position. The China Sea is almost to be regarded as sealed, while Japan has aerial and naval superiority in the region. The fight against Japan from the southward will be a difficult, uphill struggle, regardless of events in other theaters of the World War which may come to overshadow the Pacific War.

Bataan Defense

Renewed emphasis has been given the long and stubborn defense of Bataan Peninsula, in the Philippines, by the departure of General Douglas MacArthur for Australia, on the express order of President Roosevelt. For more than three months, Gen. MacArthur and his valiant group of American and Filipino soldiers held out against a heavily superior numerical force of Japanese. The shift of Gen. MacArthur to a wider sphere of action from a base in Australia will not change the determination to hold Bataan, it is indicated, for the Philippines remain under MacArthur.

Transfer of Gen. MacArthur to Australia, along with his family and a number of staff officers, appears in itself to be one of the brilliant exploits of the Pacific War. The War Department, announcing the aerial transfer, stated that Mr. Roosevelt had ordered the step on Feb. 22, and that Gen. MacArthur was given time to perfect arrangements for the Philippines command.

Maj Gen. Jonathan M. Wainwright assumed the ground command on Bataan Peninsula, and will carry on the fight. The change in command, as it happened, was signalized by a resumption of the Japanese attacks, after a lull of nine days. As usual, the enemy attackers were thrown back with heavy losses. It appears likely, however, that still more Japanese reinforcements have been landed in the interim, and the assault now in progress may turn out to be the heaviest of the campaign.

Burma Front

Little change was reported in the Burma military situation during the past seven days, but the importance of that front cannot be exaggerated, for upon the outcome of the desperate battle may hinge the fate of India, and possibly even of China. British and Indian troops, retreating northward from Rangoon, established contact over the last week-end with Chinese forces, some 80 miles above the devastated capital of Burma. There the attempt began to hold the Japanese invaders in check, and so far the results have been favorable.

The position of India remains uncertain, in more ways than one. Sir Stafford Cripps, Lord Privy Seal in the Churchill Cabinet, now is on his way to India, to confer with Indian Nationalist and Moslem leaders, who are united only in their demand for prompt independence. If India can be induced to enter wholeheartedly into the fight against the Japanese, much will have been gained. But the military aspect of India will remain somewhat uncertain even in that event, for the Japanese may well endeavor to blockade the subcontinent with their Fleet.

Chinese troops continue their valiant struggle against the Japanese, quite as they have been doing for more than ten years. The junction of British and Chinese forces in Burma is extremely heartening. So, also, are reports of battles within China, where important Japanese units were defeated this week. The Burma Road must now be considered closed, on the other hand, and some months will elapse before an alternative route can be prepared.

Atlantic Shipping

Steadily the toll of merchant ship losses off our own Atlantic Coast increases, with consequent serious effects upon the already straitened shipping position. German and Italian submarines are now known to be hunting in packs along our shipping lanes to the Caribbean, to South America and to Europe. That the enemy is suffering heavy losses is clear, for British authorities announced last Saturday full details of the sinking of three U-boats, and American forces also are effective.

Counter-measures against the submarine menace unquestionably are modifying the losses, but it would be idle to contend that a solution so far has been found for the problem Under a new policy adopted last week, the Navy Department no longer permits disclosure of ship sinkings, beyond such generalities as the number of men rescued from unamed vessels sent to the bottom. Not a day goes by, however, without some report of a rescue that indicates the sinking of a tanker or collier or freighter.

Italian authorities claimed late last week to have information that the British liner Queen Mary, 81,235 tons, had been torpedoed in the South Atlantic and "heavily damaged" while carrying 10,000 North American troops. The ship was reported endeavoring to reach the British base at Falkland Islands. No comment was offered in London or Washington on this assertion. The boldness of the submarines' commanders was attested by a British admission, last Friday, that a U-boat had damaged two ships in a British West Indian port. The Chilean freighter Tolten, 1,858 tons, was reported sunk by the authorities of that country, only 30 to 35 miles from New York harbor. Uruguary disclosed, Tuesday, that the freighter Montevideo, 5,785 tons, had been sunk off Haiti.

Berlin put forward the claim, last Sunday, that the submarine warfare off the American coast had resulted in the sinking of 159 merchantmen, of a total tonnage of 1,029,000. Of these ships, 58 were claimed to be tankers of a total tonnage of 442,000. The German claims are, of course, invariably magnified, but in the absence of British and American official statements they are now the sole guide to occurrences in the shipping war.

Western Europe

With the arrival of Spring only a few days distant, renewed and enlarged military operations in Western Europe are likely to develop rapidly. All eyes in Britain and the United States have been focused recently upon the Pacific War, and the threat of a Spring offensive by the Germans against Russia and the Middle East. In the last day or two, however, the realization began to spread that Hitler may be preparing to move westward, possibly even against the British Isles. Reports to this effect from London may, on the other hand, screen a British intention to invade Norway or some other Continental point.

It was made known in London, Tuesday, that the giant German battleship Tirpitz had last been observed a week earlier near Narvik, Norway, and a warning was given that the ship might be at sea on a raid against commerce. The Germans closed all Norwegian ports, according to British authorities, which might mean preparation for an invasion attempt, or an attack against Iceland. Stockholm reported over the last week-end a massing of German forces in Norway, but Swedish spokesmen believed this to be due to the threat of invasion by the United Nations.

That the Germans may be trying to interrupt the supply line to northern ports of Russia is another possibility suggested by the latest incidents. The war at sea promises to become more deadly, notwithstanding the heavy and continuous British bombing of Kiel and other German bases, where the damaged battleships Scharnhorst and Gneissenau are said to be undergoing repairs A Channel battle between British destroyers and German motor torpedo boats was announced by both sides, Monday, with the British claiming the sinking of two German ships, while admitting the loss of a destroyer. Berlin said a destroyer probably was sunk, and that several British torpedo boats also were heavily damaged.

Chancellor Hitler made one of his increasingly rare speeches in Berlin, last Sunday, in observance of the German memorial day. He professed indifference to America, while indicating an intention of fighting any attempt to impinge upon Europe. Hitler declared that Russia will be defeated next Summer. He hailed the "heroic Japanese" and gave Mussolini his customary pat on the back. Under-Secretary of State Sumner Welles tried to make of the speech an admission by Hitler of his own impending downfall, but it remains a mystery why Mr. Welles dignified the Hitler address in this fashion.

Russian Mud

General Winter appears to be releasing his grip upon the Russian front slowly and reluctantly, for Moscow reports this week indicated sub-zero temperatures along almost the entire line from Leningrad to the Crimea. But Spring weather soon will set in and the frozen ground then will turn into mud. With greatly preponderant cavalry strength, Russian forces possibly will be able under such conditions to augment their Winter gains. The conflict seems destined, in any event, to continue next Summer and perhaps indefinitely.

With the turn of the season at hand, summaries of the Russo-German war were in order, and they appeared in great numbers. In the nine months of these great battles, German forces at first drove deep into Russian territory, but finally were forced backward by frost and the Russians. In an address last Sunday, Hitler emphasized the extreme cold of the Winter now ending, but he made no mention of the Russian ability to continue fighting in the frigid area.

From London, meanwhile, a fairly reasonable account of the Winter campaign in Russia has been made available by the United Press. The accomplishments of the German supply system were credited in this account, which was based upon British disclosures, with much of the German ability to hold out in the face of heavy Russian blows. The Reischwehr, it was further explained, organized an ingenious "hedgehog" or "porcupine" defense system of fortified points around a central military stronghold, which the Russians had to take in order to infiltrate to any great depth between the strongholds. Few of the bastions were retaken by the Russians, the British observers conceded.

In the fighting of the last few days, however, the Russians made great efforts to regain Kharkov, the great industrial and military center of the Donets Basin, and they appear to have moved into the suburbs of that town. The Russian Winter strategy, it is now clear, was to hammer at German lines west and northwest of Moscow, while preparing a tremendous onslaught in the Ukraine. That movement now has begun, and the results are clouded by the usual extraordinary claims and counterclaims.

Since foreign observers are not permitted at the front in Russia, it is necessary to await the outcome of the latest battles, without too much elation or pessimism as the Russian and German reports are scanned, in turn. Also of vital interest is the possibility that Japan will come to the aid of hard-pressed Hitler by attacking Russia in the East. Both Berlin and Tokio have been completely silent on this matter in the last ten days.

Middle East

Tentative and occasional blows and counter-blows were struck this week in the active fighting that is almost certain to develop soon for control of the Middle East. In the Western Desert region of Italian Libya, General Erwin Rommel and his German and Italian mechanized divisions obviously await a signal for an offensive. Strong enemy columns were reported by the British, Tuesday, as probing their lines. British attacks continued on the supply line from Italy to Tripolitania, and the Germans bombed Malta unmercifully.

Turkey possibly is regarded by the Axis as the key to the Middle East and to that junction with Japanese forces which looms beyond any successful German and Italian move against the Suez and the lands of southern Asia. But Turkish authorities have not indicated any intention of relinquishing their neutrality, despite the utmost pressure by both sides. A German drive through Turkey is not to be ruled out, however, while the alternatives are moves from Libya into the Near East, and from the Ukraine into the Caucasus.

The British Mediterranean squadron, based on Alexandria, made it plain on Tuesday that all is in readiness to counter any Axis move eastward. A co-ordinated air and sea attack on the Italian island of Rhodes, off Turkey, was reported on that day, and the installations were reported badly damaged by the bombing and shelling, and the fires which followed. London affected to believe, indeed, that this attack disrupted the Axis plans for an attack on the Middle East.

From Washington

(Continued from First Page)

which is not the attribute of foreign bureaucrats. It gets back to the proposition that Americans can do anything better than foreigners.

But in this state of thinking Congress comes through and justifies itself, just as many of the other governmental agencies, when there is a campaign on to abolish them, somehow manage to dig up something to prove that they should be continued.

In this instance, Congress proved that, notwithstanding it has wholly lost its power, has frittered it away to the Executive branch by giving it unlimited money, it was still the medium between the people and the bureaucrats. In other words, the people have recently been raising hell—about the management of the war, about the boondoggling, about countless other things—and this hell is being raised through Congress. The legislative body is still apparently the medium of expression of the American people—of their dissatisfactions, their disapprovals, their disgusts.

The result has been that Congress has been acting up for the past several weeks.

But now, having accepted the proposition that although Congress has lost its power, it still serves a purpose in being the sounding board of the American people, let's see what effect the expressed complaints through that sounding agency have had on the bureaucrats.

We will start with the fact that Congress, reflecting the complaints of the people, began raising hell on the frivolities in the Office of Civilian Defense. To date, this energy has resulted in La Guardia and Mrs. Roosevelt relinquishing their posts with this agency, but not one single activity which was complained about has been eliminated. The New Dealers are laughing about the fact that the critical activities have now been taken away from the OCD and placed under Paul McNutt. They think it is quite a good joke because they look upon McNutt as an aspirant for Roosevelt's job and they figure that any grief which may come from now on will be levelled against McNutt. But the activities, the boondoggling, of which Congress complains, will go on—under new management.

This writer stated in a recent column that it made no difference whether Congress refused to appropriate money for these activities, that Mr. Roosevelt would find money for them from funds blank-checked to him. This has happened.

Several weeks ago there was an appropriation pending before the House Appropriations Committee for the so-called housing project in Detroit known as the "Sojourner-Truth Project." Members of the committee suspected from the name that this was a pork barrel project for Negroes. They refused to appropriate the money. The New Dealers got Charles F. ("Chuck") Palmer, then the coordinator of housing, to write the committee a letter saying it was not intended to locate Negroes in this project. Whereupon, the money was granted, Negroes were placed in the project and serious race disturbances have resulted. It would be interesting for you to hear the New Dealers laugh about how they put this one over.

Mr. Roosevelt had the idea sometime ago to put up another information bureau, whereby business men coming to town would know exactly where to go. His idea was to put up a structure in the triangular park on Pennsylvania Avenue just across from the Willard Hotel. The idea is to have uniformed young women to tell the business man just where to go. It so happens that the War Production Board has receptionists on every flood to tell the business man just what he wants, every other agency in town has them too. Instead of having people in these jobs who can really tell a business man where to go, the idea was to set up another agency.

Well, Congress didn't think much of it when it was broached for an appropriation for this project. It turned it down. Whereupon Mr. Roosevelt told Lowell Mellett, the head of the so-called and misnamed Office of Government Reports, to go ahead and erect the building anyway. It is being erected.

I could give any number of instances of this kind. The point is that we get right back to where we started. What purpose does Congress serve? Reflecting the opinions of the American people, it has recently been expressing their unrest over many things. So what?

This is not written as an indictment of the legislative body, but instead, the situation that has come to pass in this country.

The members of Congress are nervous. They feel, by and large, that if an election were held tomorrow, it would be just too bad for the "ins" regardless of whether they are Democrats or Republicans. They have been hearing from home. They took an awful drubbing in the esteem of the people on their so-called "pension grab," the most misrepresented thing that ever appeared in American newspapers. It was right up the alley of the bureaucrats.

Lowell Mellett, appearing before Congress to defend the new "information center" was quite contemptuous. A Congressman asked him about parasites in the Government. He replied there were as many parasites in Congress as anywhere else. The particular Congressman exploded, but what could he do.

Hearing from home, realizing finally, the position they have come to be in, the members of Congress are kicking up. But what can they do? They have frittered away the power they had—the power of the purse.

There has been a recrudesence recently of Barney Baruch's overall price-fixing idea — a ceiling over profits, over wages, over agricultural commodities. But there is no indication that anyone seriously intends to do anything about it.

Baruch along with the leading finance minded members of the Senate and the House have figured out that of the some $160 billion that has been appropriated or authorized for the war, the bill would not be more than $98 billion if the overall ceiling bill were in effect. The difference between the two figures is the difference between inflation, they claim.

Mrs. Roosevelt was apparently responsible for the wave of speculation that the Administration was now coming around to Baruch's original idea. She talked with Baruch recently. At his press conference Roosevelt was quite impatient in answering questions on the subject, said only that the overall bill was being "discussed." Reporters, searching around in the various departments can't find out who is discussing it.

In the meantime, Mrs. Roosevelt has given comfort to the advocates of the overall ceiling by writing in her column that she is still convinced that everybody should be drafted for war service. Instead of giving any comfort to those who have been following Mrs. Roosevelt for years, this is annoying rather than considered as being in support of the overall ceiling plan.

Mrs. Roosevelt began harping upon what she called "universal service" back in 1939, and at the time one of her stooge columnists sought to explain that she meant that nobody should receive more than the men in the military received. Her point, as I understand it and she develops it quite cagily, is that "privates in industry" should get $21 a month along with the equivalent of food and housing, the "majors in industry" should receive the same as the majors in the military and so forth. Presumably she would have a large say as to who constituted the majors and the privates. It is a fact that the New Dealers are now predicting the day when no one will receive more than $5,000 a year. His influence, power, standard of living would be determined by his "position," the service he rendered. That would be his gratification instead of money. This is the way it is in Russia. Litvinoff, the Russian Ambassador, could not for the life of you, tell what his salary, his income is. He only knows that he gets what he needs—because of his position.

Merge Farm Marketing

Details of organization of the Agricultural Marketing Administration, bringing together major marketing services and programs into a single agency, were announced on Mar. 14 by Administrator Roy F. Hendrickson, with the approval of Secretary of Agriculture Wickard. From the announcement we quote:

> Establishment of the Agricultural Marketing Administration is one of the steps taken to carry out the war-time reorganization of the Department which was announced by the Secretary on Dec. 13, 1941. It was made effective by a Presidential Executive Order on Feb. 23.
>
> The new Marketing Administration consolidates the activities and functions previously carried out by the Surplus Marketing Administration, the Agricultural Marketing Service, and the Commodity Exchange Administration, together with the Federal Surplus Commodities Corporation as an agency of the Department.
>
> The AMA general administrative group will include: Associate Administrators E. W. Gaumnitz, formerly Associate Administrator of the SMA, and C. W Kitchen, formerly Chief of the AMS; Assistant Administrators Ralph W. Olmstead, formerly Assistant to the Administrator of Agricultural Marketing, and F. V. Waugh, formerly Assistant Administrator of Agricultural Marketing.

The President's order merging the farm agencies was reported in our issue of Mar. 5, page 955.

National Banks

The following information is from the office of the Comptroller of the Currency, Treasury Department:

COMMON CAPITAL STOCK INCREASED

	Amount of Increase
Mar. 12, 1942—The First National Bank of Blue Ridge Summit, Blue Ridge Summit, Pa. From $30,000 to $50,000.	$20,000

VOLUNTARY LIQUIDATIONS

	Amount
Mar. 9, 1942—The Onida National Bank, Onida, S. Dak.	$45 000
Common stock	25,000
Preferred stock (RFC)	20,000
Effective at close of business on Sept. 6, 1941.	
Liquidating Agent: Arthur J. Owens, Onida, S. Dak.	
Succeeded by: The Onida Bank, Onida, S. Dak.	
Mar. 12, 1942—Standard National Bank of New York, New York, N. Y.	520,000
Common stock	250,000
Preferred stock (local)	270,000
Effective Feb. 17, 1942.	
Liquidating Agents: Richard M. Lederer and Stanley Haskell, care of the liquidating bank.	
Absorbed by: Manufacturers Trust Co., New York, N. Y.	

Get WPB Steel Posts

C. E. Adams, Chief of the Iron and Steel Branch of the War Production Board, announces that L. S. Simons, former Secretary of the Steel Export Association of New York, has been appointed his executive assistant. He also announced that H. J. French, member of the technical staff of the International Nickel Co., has been appointed senior technical consultant in charge of the Metallurgical and Specifications Section of the branch.

Items About Banks, Trust Companies

At the regular meeting of the Board of Directors of the National City Bank of New York, held Mar. 17, Robert E. Pearce and C. Sterling Bunnell were appointed Vice-Presidents. Both are veterans of European National City branch office service and were overseas during the present war. Mr. Pearce supervised the evacuation of the National City staff from Paris to Le Puy en Velay, France, after the outbreak of the war. He was manager of the Antwerp National City branch from 1920 to 1922, manager of the Brussels branch from 1923 to 1930, and from that time until he returned to the States last year he was manager of the Champs Elysees office in Paris. Mr. Bunnell was in the Berlin office at the outbreak of the war and covered the National City activities in various capitals of Central Europe. Both are now stationed in head office.

Harry E. Ward, Chairman of the Board of Irving Trust Co. of New York, announced the following promotions and appointments made by the company's Executive Committee at its meeting on March 12.

> From Assistant Secretary to Assistant Vice-President: Gustave A. Jaeger, H. Miller Lawder and Walter G. Vogel.
>
> From Assistant Auditor to Auditor: William W. Coleman.
>
> To Assistant Secretary: Morgan S. MacDonald, Douglas E. McNamara and Louis L. Seaman.

Arthur H. Yoepp has been appointed an Assistant Treasurer of Central Hanover Bank & Trust Co. of New York. Mr. Yoepp is located at the 42nd St. office of the company.

The Public National Bank & Trust Co. of New York announced on March 14 that Henry S. Sanders and Benjamin B. Gruber have been advanced from Assistant Vice-Presidents to Vice-Presidents; Philip L. Glass, Maurice L. Krohn, Jacob Kabak, E. Scarritt Jones and Maxwell Silver have been advanced from Assistant Cashiers to Assistant Vice-Presidents; and E. M. Schwartz has been appointed Assistant Cashier.

Willard K. Denton has been elected President of the Metropolitan Savings Bank, New York City, succeeding Francis H. Moffet, who retired. Mr. Denton is also a Trustee and was formerly Executive Vice-President.

Louis G. Kaufman, former New York bank head and prominent Marquette (Mich.) banker, died of heart disease on March 10 at a hospital in West Palm Beach, Fla. He was 69 years old. Mr. Kaufman, who was a native of Marquette, began his banking career in his father's bank, the Marquette County Savings Bank, and at the time of his death was President of the First National Bank & Trust Co. of Marquette, having held that post since 1906. He came to New York in 1910 to assume the Presidency of the Chatham National Bank and in the following year merged it with the Phenix Bank, to form the Chatham and Phenix Bank.

In 1925 Mr. Kaufman merged Chatham and Phenix with the Metropolitan Trust Co., creating the Chatham Phenix National Bank and Trust Co., which merged in 1931 with the Manufacturers Trust Co. With the termination of Mr. Kaufman's services then as President of Chatham Phenix he became Chairman of the Executive Committee of the new institution. He resigned from that post the following year to devote his time to his interests in Marquette.

The First National Bank & Trust Co. of Freeport, L. I., assumed on March 7 the deposit liabilities of the Citizens National Bank of the same place. Notice of this proposed merger appeared in these columns March 5, page 968. The transaction, it is stated, was made possible by the action of the Federal Deposit Insurance Corporation in advancing approximately $350,000 upon assets of the Citizens National Bank.

Herman H. Griswold, President of the Elmira Bank & Trust Co., Elmira, N. Y., died recently in Buffalo. Mr. Griswold, who was 69 years old, was a former President of the New York State Bankers Association and was one of the founders of the Association's Bankers Retirement System. A native of Leroy, Pa., Mr. Griswold had been President of banks in Pennsylvania, New Jersey and New York and had been connected with banking in Elmira since 1922.

Horace C. Richards, Assistant Treasurer of the Stamford Trust Company of Stamford, Conn., died on March 13. Mr. Richards, who was 49 years of age, had been with the Stamford Trust Company for 25 years.

James W. Smith, Chairman of the Board of the Land Title Bank and Trust Co., Philadelphia, died on March 10 at Miami Beach, Fla. He was 62 years old. A native of Philadelphia, Mr. Smith had been connected with the banking business there for almost half a century. The following is taken from the Philadelphia "Inquirer" of March 11:

> Mr. Smith began his banking career as an office boy for the Land Title & Trust Co., and enjoyed a rapid rise in the financial field. He was successively manager of the building operation department, real estate officer, director and Vice-President, leaving in September, 1921, to become President of the West End Trust Co.
>
> Later he took the helm of the new institution when the West End Trust was merged with the Land Title & Trust Co.
>
> When the United States entered the World War he obtained leave to serve with the United States Shipping Board Emergency Fleet Corp., as assistant manager of the housing and transportation division. Later he became head of this division, remaining in Government service until August, 1919.

Hugo E. Otte, President of the Moline (Ill.) National Bank, died on March 9 at his home in Moline. Mr. Otte's career in the banking business dated back to 1887 when he joined the Union National Bank of Chicago. After 17 years with this bank and its successor, the First National of Chicago, Mr. Otte in 1904 helped organize the Union Stock Yards State Bank in Chicago, becoming Cashier. He later organized and became President of the Lakeview Trust and Savings Bank of Chicago. He was one of the organizers of the National City Bank of Chicago in 1907 and when this bank merged with the National Bank of the Republic of Chicago in 1924, he became President of the combined institutions. Mr. Otte left the bank in 1931 to become Vice-Chairman of the Central Republic Bank and Trust Co., and left this post in 1933 to head the Moline bank, which position he held at the time of his death.

Controlling interest in the National Bank of Flint, Mich., has been purchased by the Michigan National Bank for a price in excess of $1,000,000, it was announced on March 12 by directors of the Flint institution, according to Associated Press accounts from Flint appearing in the Detroit "Free Press" of March 13, which states that the Michigan National Bank is an institution embracing banks in Battle Creek, Grand Rapids, Lansing, Marshall, Port Huron and Saginaw. It is likewise stated that completion of the transaction is not expected to be made before April 30, deadline for an offer of $50 a share, made by the purchasers to 825 stockholders of the Flint bank. Stock value was listed at $35 at the time of its organization in 1934. From the Associated Press we also quote:

> Stockholders of the Flint bank were advised that a majority interest had accepted the proposal, which was received from interests identified with the Michigan National. The latter institution was said to have deposited $1,000,000 to cover the full purchase of the 20,000 outstanding shares.
>
> Charles B. Bohn, Detroit industrialist, has a financial interest in the Michigan National. The chain is headed by Howard Stoddard.

Lawson M. Watts has been elected a Vice-President of the First National Bank of St. Louis. Mr. Watts has for the past five years been Deputy Administrator of the Federal Housing Administration, in charge of activities in nine Southwestern States. He is expected to assume his bank duties in May.

Admiral King Placed In Navy High Command

Admiral Harold R. Stark, Chief of Naval Operations since Aug. 2, 1939, has been relieved of that post to be designated Commander, United States Naval Forces Operating in European Waters, Secretary of the Navy Frank Knox announced on March 10.

Admiral Ernest J. King, Commander in Chief, United States Fleet, will absorb the duties of Chief of Naval Operations, thus consolidating the two duties under one officer, the announcement said.

"Admiral Stark will go to London as relief of Vice-Admiral Robert L. Ghormley, who is at present senior United States naval ofifcer in Great Britain," the Navy statement also pointed out.

At Secretary Knox's press conference on March 11, Admiral King indicated that his policy as commander of the Navy would be to take the offensive against the country's enemies.

Swiss Bank Corp. Profits

The Swiss Bank Corporation announces in advices under date of Feb. 14 that the accounts for the year 1941 show net profits including the carry forward from last year of Swiss Frs. 9,655,966, against Swiss Frs. 9,157,189 for 1940. The corporation also states:

> The total assets at the end of 1941 amounted to Swiss Frs. 1,370,094,424, against Swiss Frs. 1,366,071,396. At the general meeting which is to be held on Feb. 27 a dividend of 4% will be proposed as for the previous year. The carry forward will amount to Swiss Frs. 3,255,965.81, against Swiss Frs. 2,757,189.31 last year.

1941 Cotton Loans

The Department of Agriculture reported on Mar. 12 that Commodity Credit Corporation had made 1,109,398 loans on 2,137,534 bales of 1941 crop cotton through Mar. 7, 1942. A total of 170,031 loans were repaid on 359,357 bales, leaving outstanding 939,367 loans on 1,778,177 bales.

U.S. Mission To Study India As Supply Base

The United States is sending a technical mission to India to explore the possibilities of American assistance in developing a supply base for the United Nations, it was announced on Mar. 6 by the State Department. Heading the mission will be Louis Johnson, former Assistant Secretary of War, it was disclosed on Mar. 9. The other members who will assist in solving specific technical problems are: Henry F. Grady, former Assistant Secretary of State in charge of trade relations; Arthur W. Harrington, President of the Society of Automotive Engineers; Harry E. Beyster, President of the Beyster Engineering Co., and Dirk Dekker, Director of Personnel and Training of the Illinois Steel Corp.

In a statement emphasizing the need for swift development of India's industrial resources, due to the military situation in southeastern Asia, the State Department expressed hope that "this step in American-Indian collaboration may serve to make an effective contribution to the success of the United Nations in the war against aggression."

The Department's statement follows:

> The military situation in southeastern Asia emphasizes the need to develop fully, and as rapidly as feasible, the industrial resources of India, as a supply base for the armed forces of the United Nations in the Near East and the Far East. The Government of the United States, accordingly, inquired whether the Government of India would agree to the dispatch to India of a technical mission which could examine and report on the possibilities of American assistance in such development. The Government of India has expressed its readiness to receive such a mission and has invited it to be its guests during the mission's stay in India. Accordingly, it has been decided that the mission should proceed to India as soon as possible.
>
> It is hoped to announce the personnel of the mission shortly. The Government of the United States and the Government of India earnestly hope that this collaboration may serve to make an effective contribution to the success of the United Nations in the war against aggression.

U. S. And Canada Sign Income Tax Agreement

Representatives of the United States and Canada on Mar. 4 signed an income-tax convention designed to eliminate double taxation of individual incomes and to regulate the taxation of dividends paid by corporations in one country to stockholders in the other. Signing for the United States was Sumner Welles, Acting Secretary of State, while Leighton McCarthy, Canadian Minister, signed for his country. The following concerning the pact was reported by Associated Press advices from Washington.

> Under the convention, which becomes effective . . . as soon as ratifications have been exchanged, Canadians living in the United States must pay both the American and Canadian income tax, but may deduct from their Canadian tax the amount paid to the United States.
>
> Canadians crossing the border daily to work in the United States are taxable in both countries, with the same privilege of deduction. Americans crossing daily to work in Canada are taxable there, but receive credit on their American income tax for any amount paid there.

Allocation System For Wood Pulp Is Ordered

Seeking to conserve supplies and direct the distribution of wood pulp, which has an important part in the war program, the War Production Board on Mar. 13 placed the entire wood pulp industry under an allocation system, effective May 1.

Under the system, no deliveries of wood pulp may be made except by specific authority of the Director of Industry Operations. Pulp imported and reaching this country after noon, EWT, on May 1, will be held until released by the Director.

The Director has authorized administration of the order by the Pulp and Paper Branch.

General Preference Order M-93, which sets up the allocation system, will supplant General Preference Order M-52, which provided for the allocation of certain types of pulp among specified companies.

The new order affects all grades of pulp and all companies, and is designed to conserve supplies and distribute equitably available pulp between competing war and civilian requirements.

The order requires pulp consumers, beginning next month, to file with producers on or before the fifth day of each month their orders for the following month on forms to be furnished by the WPB.

In addition, each consumer is required to file with the WPB a report containing full information on consumption and inventories of pulp on a monthly basis. These reports must be filed on or before the 15th day of each month.

Producers must give the WPB reports on their advance shipping schedules, and these reports also must be submitted on or before the 15th of each month.

The WPB will review all information submitted each month and then will direct what pulp deliveries may be made by producers and also what deliveries may be made from inventories held by any person.

Beginning May 1, producers are required to withhold for special distribution whatever portion of their monthly production may be decided from time to time by the Director of Industry Operations.

Stocks which arrive in this country after noon, May 1, most of which will come, as at present, from Canada, cannot be released without the Director's approval. Persons who place orders for imports due to arrive after that time must notify the Director and must request the foreign producer to deliver the pulp in accordance with directions laid down by the Director.

All prohibitions concerning deliveries apply not only to deliveries from one individual to another but also to deliveries within branches of individual companies.

Swope Quits Treasury

Gerard Swope, former President of the General Electric Co., has resigned as Assistant to Secretary of the Treasury Morgenthau in order that he may be available as a witness in the anti-trust suit instituted some time ago against the company by the Department of Justice. Mr. Swope had been appointed to the Treasury post on Jan. 24, as was indicated in our issue of Feb. 5, page 568. In accepting the resignation, effective Mar. 7, Secretary Morgenthau said he did so "with a good deal of regret" and expressed the hope that Mr. Swope would let him know when he is free to serve again.

Mr. Swope served as President of the General Electric Co. from 1922 to 1940. Prior to joining the Treasury Department, Mr Swope resigned as Chairman of the New York City Housing Authority, a post he had held over two years, in order to devote his full time to Treasury matters.